United Nations A/55/405

General Assembly

Distr.: General
21 September 2000

Original: English

Fifty-fifth session
Agenda item 93 (b)
Sectoral policy questions: business and development

Report of the Secretary-General on the prevention of corrupt practices and illegal transfer of funds*

Summary

This report has been prepared by UNCTAD in response to the requests made by the General Assembly in resolutions 53/176 and 54/205. It contains the responses provided by individual countries, international organizations, groups of countries and non-governmental organizations regarding measures adopted to give effect to General Assembly resolutions aimed at the prevention of corrupt practices in international commercial transactions and the illegal transfer of funds.

* This report was submitted on 29 August 2000, after expiration of the deadline for submission of reports to the General Assembly. The reasons for the delay were, first, that it was thought appropriate to postpone the preparation of the report until after the tenth session of the United Nations Conference on Trade and Development (12-19 February 2000) so as to take into consideration any implications of the outcome of the Conference. Thereafter, there was also a need to wait for replies from Governments, international organizations and non-governmental organizations for the content of the report. Having received very few responses by the original deadline of 8 June 2000 suggested by UNCTAD, a reminder was sent and the deadline was extended to 31 July 2000. Thus the report had to be prepared during the month of August.

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I. Introduction

1. At its fifty-third session, the General Assembly adopted resolution 53/176, entitled "Action against corruption and bribery in international commercial transactions", in which it, inter alia, called upon Member States to take all possible measures to further the implementation of the United Nations Declaration against Corruption and Bribery in International Commercial Transactions (resolution 51/191, annex) and relevant international declarations and to ratify, where appropriate, existing instruments against corruption. It requested the Secretary-General, in close consultation with the United Nations Conference on Trade and Development (UNCTAD), to report to it at its fifty-fifth session on measures taken by Member States and competent international and regional organizations, non-governmental organizations and the private sector to implement the resolution.

2. At its fifty-fourth session, the General Assembly adopted resolution 54/205, entitled "Prevention of corrupt practices and illegal transfer of funds", in which it, inter alia, called for further international and national measures to combat corrupt practices and bribery in international transactions and for international cooperation in support of those measures. It also called for increased international cooperation, inter alia, through the United Nations system, in devising ways and means of preventing and addressing illegal transfers, as well as in repatriating illegally transferred funds to their countries of origin, and called upon all countries and entities concerned to cooperate in that regard. In addition, the General Assembly requested the international community to support the efforts of all countries aimed at strengthening institutional capacity for preventing corruption, bribery, money-laundering and the illegal transfer of funds. Finally, the Assembly requested the Secretary-General, in consultation with Member States and relevant bodies of the United Nations system, to include in the report called for in its resolution 53/176, to be submitted to it at its fifty-fifth session, information on progress in the implementation of the resolution and recommendations, inter alia, with regard to repatriating illegally transferred funds to their countries of origin.

3. The present report has been prepared in response to these requests from the General Assembly. It contains information provided by Member States, international organizations and non-governmental organizations, in response to a note verbale sent by the Secretary-General of UNCTAD to States members of UNCTAD and international organizations and non-governmental organizations having status with UNCTAD, on measures they had undertaken to implement resolutions 53/176 and 54/205. The body of the present report consists of unofficial translations of the verbatim responses received by UNCTAD. Given length limitations, in most cases, only the most relevant excerpts have been reproduced. The Secretariat can make available the full text of the original submissions, upon request.

The report is divided into three sections: section II contains the measures adopted by individual countries; section III reproduces the actions adopted by international organizations and groups of States; and section IV covers the actions undertaken by non-governmental organizations.

II. Measures adopted by countries

Albania

... Regarding civil service reform, special attention has been paid to the completion of the legal framework with the necessary secondary legislation pursuant to Law No. 8549, of 11 November 1999, "on the status of the Civil Service". Some draft decisions have been prepared for the implementation of this law ...

... The Ministry of Justice presented draft laws for the ratification of several European Conventions (the Criminal Law Convention on Corruption; the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime; ...) to the Council of Ministers for review. They were subsequently ratified on 13 June 2000. ...

... The Ministry of Public Order prepared a draft law to approve the Convention against Drug Trafficking and has presented it to the Government for approval.

... Albania, in collaboration with the General Directorate of Customs, has been implementing a strategy of modernizing the customs service through computerization. ...

Work is ongoing for the review and organization of the structure of the existing internal control unit. Regarding the strengthening of personnel management for the recruitment of customs staff, all the defined procedures set out by the new Customs Code have been fulfilled. ...

The number of registered taxpayers has increased since last year. ... The instruction for the Law on Tax Procedures has been prepared and sent for publication in the Official Gazette.

As regards promoting transparency and integrity in business operations, ... a draft on the amendment to Law No. 7971 of 26 July 1995, on public procurement, has been prepared ...

Pursuant to Decision No. 621 of 25 September 1998, the Committee for Consulting and Transparency has been managing the privatization process according to the established timetable.

... The High State Control (Supreme Audit Institute), in collaboration with the Parliamentary Commission of Economy, Finance and Privatization, has prepared draft amendments of the Organic Law of the High State Control, in order to adapt it to the Constitution and to contemporary standards of external auditing. This will help to strengthen the State Control's role in investigating financial crime and the fraudulent misuse of public funds and also improve the quality of its auditing. The draft is pending approval by Parliament. ...

Andorra

... On 27 November 1997, a qualified law on modification of the criminal code was adopted ... to penalize any activity related to the financial system made by bankers or others that act illegally within the system, using privileged information or other forms, aiming at hiding money that comes from drugs, arm trafficking, terrorism, or other illegal activities.

On 14 January 1999, a qualified law on modification of articles 105 and 114 of the Criminal Code was approved by Parliament. The change typifies new forms of behaviour related to bribery, which was already typified by the Criminal Code of 13 July 1990, such as the use by a public official of privileged information in order to obtain economic benefit or the use of influence over a public official to obtain advantage of any kind. Article 114 makes reference to cases of bribery of judges.

At present, the Government of Andorra is studying the possibility of signing the Criminal Law Convention on Corruption of 27 January 1999 of the Council of Europe.

... On 11 May 1995, the Parliament passed a law on the protection of banking secrecy and the prevention of money-laundering, which entered into force on 24 May 1995.

On 7 May 1999, the Minister of Foreign Affairs ... signed the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime, which was ratified by Parliament on 22 April 1999. The instrument of ratification was deposited on 28 July 1999.

Bahamas

... The Government of the Bahamas has established the following series of measures designed to counter money-laundering activities:

(a) In 1983, the Central Bank of the Bahamas prohibited banks from accepting cash deposits in excess of US$ 5,000, or the equivalent. The Central Bank regularly monitors the flow of United States currency into the banking system;

(b) In 1985, the Central Bank supported and endorsed the Association of International Banks and Trust Companies Code of Conduct for its members;

(c) In 1987, the Bahamas enacted tough legislation against drug trafficking offences under the Trading and Forfeiture of Proceeds of Drug Trafficking Act;

(d) The Bahamas signed a Mutual Legal Assistance Treaty on criminal matters with the United States in 1987. Similar treaties were signed with the United Kingdom of Great Britain and Northern Ireland and Canada in 1988 and 1990, respectively. The procedures are available to other countries by letters rogatory;

(e) The Bahamas was the first country to ratify the 1988 United Nations Convention on the Illicit Traffic in Narcotic Drugs and Psychotic Substances;

(f) The Bahamas is a member of the Caribbean Financial Action Task Force and supports the work of the Financial Action Task Force (FATF). The Bahamas endorsed the FATF 40 recommendations in November 1992;

(g) In 1994, unauthorized use of all drugs listed under the Single Convention on Narcotic Drugs of 1961 and the Psychotropic Substances Convention of 1971 was made illegal in the Bahamas;

(h) In April 1994, the Central Bank issued guidance notes on money-laundering to the entire banking community;

(i) In 1996, the Money Laundering (Proceeds of Crime) Act and relevant regulations were enacted which criminalized money-laundering related both to proceeds of serious crimes and drug trafficking;

(j) In 1996, the Central Bank of the Bahamas issued revised guidance notes to the financial community, encompassing provisions of the Money Laundering Act;

(k) In 1996, enhanced training for all branches of the regulatory agencies commenced. Amendments were made to the International Business Act, allowing lawyers, public accountants (under the Public Accountants Act), licensed banks and trust companies and approved management companies only to act as registered agents;

(l) In 1997, the Bahamas underwent a mutual peer evaluation of its anti-money-laundering laws, procedures and systems;

(m) In September 1997, the Securities Commission issued a comprehensive set of anti-money-laundering guidance notes to the securities industry;

(n) The Bahamas maintains memberships in such international bodies as the Inter-American Drug Abuse Central Commission, the Caribbean Financial Action Task Force, the Offshore Bank Supervisors Group etc.;

(o) The bribery of public officials has always been an offence under the Penal Code of the Bahamas and would be applicable, with respect, to requested official facilitation of any illegal activity. Successful enforcement of bribery laws has extended to the parliamentary level.

Bahrain

The Bahrain Monetary Agency has taken a number of measures against money-laundering in the financial sector by publishing the following circulars to banking and financial institutions in Bahrain:

(a) Circular No. OG/308/89, dated 14 October 1989, to all banking institutions concerning implementation of the Basel Committee principles aimed at preventing the use of the banking sector in money-laundering operations;

(b) Circular No. ODG/149/93, dated 8 August 1993, to commercial banking institutions and foreign exchange companies, concerning control of monetary transactions involving 10,000 Bahraini dinars or more and the submission of reports of unusual transactions to the Agency;

(c) Circular No. BC/16/97, dated 28 October 1997, to all licensed institutions concerning the need for an internal mechanism to oversee all suspicious operations and the submission of reports on such operations to the Agency;

(d) Circular No. BC/17/97, dated 10 November 1997, to all licensed institutions concerning the implementation of the 40 recommendations of the Financial Committee Against Money Laundering.

... the provisions of the Criminal Code, promulgated as Act No. 15 of 1976 and the amendments thereto, chapter II ... contains a section on bribery (articles 186-193). ...

Belarus

Under the 1999-2000 national programme to strengthen efforts to combat crime, approved by Presidential Decree No. 264, of 11 May 1999, coordinated interdepartmental preventive measures and special operations are being carried out to combat crimes involving graft which significantly jeopardize the interests of the State and its citizens.

The Act Concerning Measures to Combat Organized Crime and Corruption, of 26 June 1997, authorizes members of special anti-crime and corruption units ... to investigate the financial and economic activities and the financial and property status not only of that individual but of other physical and legal persons as well.

Article 235 of the new Criminal Code also contains a provision which makes it a crime to launder property. An important measure aimed at preventing corruption and bribery in international commercial transactions and the illegal transfer of funds was the signing in Moscow on 12 February 1999 of the Agreement between the Governments of Belarus and the Russian Federation on Cooperation and Mutual Assistance in Combating Illicit Financial Operations.

The system under which authorized banks in Belarus can establish correspondent relations with respect to the opening of accounts in national and offshore banks, approved by decision 15.3 of the Board of Directors of the National Bank of Belarus on 28 August 1999, continues to undergo improvement. By making the requirements for opening accounts in offshore banks and in the name of such banks more stringent, it has caused their number to shrink to 14 as of June 2000, from 113 on 1 October 1999. In addition, taking into account Addendum No. 1 (approved by Decision 11.5G of the Board of Directors of the National Bank of Belarus of 9 July 1999) of Instruction No. 2 of the Instructions for International Payments in the Form of Bank Transfers of 6 January 1998, banks must now monitor compliance with the law when entering funds for clients and making payments on the instructions of clients.

Belgium

The Law of 10 February 1999 concerning the fight against corruption introduced a number of profound modifications in the Belgian criminal law system. ... Belgian legislation has been modernized and adapted to international standards in this area. It takes into account the various international instruments concluded in the context of the European Union, the Council of Europe and the Organization for Economic Cooperation and Development (OECD).

The OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions ... was ratified by Belgium on 17 July 1999. In October 1999 Belgium was evaluated by the Working Group on Corruption, created by OECD.

... The following agreements of the European Union will be ratified in a single procedure:

(a) Agreement of 26 July 1995 concerning the Protection of Financial Interests of the European Communities;

(b) Protocol of 27 September 1996 to the Agreement concerning the Protection of Financial Interests of the European Communities;

(c) Second Protocol of 19 June 1997 to the same Agreement;

(d) Protocol of 29 November 1996 concerning the Prejudicial Statement by the Court of Justice of the European Communities to the said Agreement;

(e) Agreement of 26 May 1997 on the Fight Against Corruption Involving Officials of the European Communities or of the Countries Members of the European Union.

The draft law of ratification of these instruments is currently being dealt with by the Ministry of Justice.

The Criminal Law Convention on Corruption of the Council of Europe will be ratified shortly ... In the meanwhile Belgium has joined the Group of States against Corruption, in the Council of Europe, which follows the evaluation of measures adopted by different Member States pursuant to the Convention. The ratification of these instruments, added to the new law of 10 February 1999, provides Belgium with legislation that covers the totality of the fight against corruption.

According to article 2, chapter 3, of the Law of 11 January 1993 on the Prevention of the Utilization of the Financial System for the Purpose of Money Laundering, a preventive mechanism anti-money-laundering is applicable to the laundering of money from corruption of national and international public officials. ...

... After 1998, only the organs especially authorized by law and subject to the reglementation anti-laundering can carry out transfer of funds. ...

Belize

National measures

... The Prevention of Corruption in Public Life Act No. 24 of 1994 of the laws of Belize (1 January 1995) establishes requirements for financial declarations, rules of conduct for public officials, and

an Integrity Commission for the enforcement of those provisions. ...

The Prevention of Corruption in Public Life (Amendment of Forms) Regulations, Statutory Instrument No. 38 of 1996 (1 January 1996). ...

The Money Laundering (Prevention) Act No. 12 of 1996 of the laws of Belize (27 July 1996). ...

Bilateral measures

Extradition Treaty between the Government of Belize and the Government of the United Mexican States, signed on 28 August 1988 and entered into force on 25 May 1989. ...

Extradition Treaty between the Government of Belize and the Government of the United States of America, signed on 30 March 2000 (not yet in force). ...

Bulgaria

... The National Anti-Corruption Strategy, adopted on 19 July 1998 by the Bulgarian Government, establishes the fight against corruption as a key element of the Government's policy. ... Since 1998 Bulgaria has taken a number of measures pursuant to the Strategy ...

... Bulgaria is a party to the [OECD] Convention [on Combating Bribery of Foreign Officials in International Business Transactions]. It is also a member of the OECD Working Group on Corruption and International Commercial Transactions. In implementation of the international recommendations, the Bulgarian Parliament enacted on 8 June 2000 the Amendment to the Penal Code (SG No. 51/23 June 2000). ... Additionally, on 5 May 2000 the Government submitted to Parliament a draft amendment to the Administrative Violations and Sanctions Act ...

... Bulgaria actively participated in the process of elaborating the Criminal Convention on Corruption by the Council of Europe and signed the Convention on the day of its inauguration 27 January 1999. The Convention has not been ratified yet. In order to align its domestic legislation with the standards of the Convention, Bulgaria has amended its Penal Code. ... Full compatibility with the standards of the Criminal Convention on Corruption will be achieved by the adoption of a new penal code.

... On 2 November 1999 Bulgaria signed the Council of Europe Civil Law Convention on Corruption. On 10 May 2000 the Bulgarian Parliament passed the ratification Act of the Convention (SG No. 42/23 May 2000).

On 26 April 2000 the Bulgarian Parliament adopted the Law on Giving Publicity to the Property of High-Level Government Officials (SG No. 38/09 May 2000). ...

The Bulgarian Government issued regulations on the award of public procurement orders below the thresholds defined in article 7 of the Public Procurement Act (SG No. 36/02 May 2000). ...

A separate section, established in the National Police Service for Combating Organized Crime, was authorized to investigate corruption-based connections between members of the public and local administrations and organized crime groups.

... Bulgaria was among the first countries to ratify the Convention [on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime] ... on 1 April 1993. In 1997, money-laundering was criminalized by the Penal Code (article 253). In 1998 a new Measures against Money Laundering Act ... stipulated the creation of the Financial Intelligence Bureau (FIB) ... On 7 July 2000 the Bulgarian Parliament passed ... a new Amendment to the same Act, which will expand the powers of the FIB ...

In spite of its liberalized currency regime, Bulgaria has introduced a number of regulations to control the transfer of funds, such as the Currency Act, effective 1 January 2000; Ministry of Finance Regulations No. 16, on the requirements of money exchange bureaux; Ministry of Finance Regulations No. 30, on the export and import of national and foreign currency in cash, precious metals and gemstones; Bulgarian National Bank Regulations No. 28, on transborder transfers of payments; ...

Cameroon

... The measures taken by the Government of Cameroon in the field of the fight against corruption are indicated below ... Measures taken in application of resolutions 53/176 and 54/205 are still under study and will be incorporated into the pertinent documents.

(a) Order No. 001/PM of 4 January 2000, concerning the creation of an Observatory for the fight against corruption;

(b) Order No. 032/PM of 24 May 2000, modifying certain provisions of Decree No. 001/PM;

(c) Order No. 033/PM of 25 May 2000, nominating the President of the Observatory for the fight against corruption;

(d) Order No. 034/PM of 25 May 2000, noting the designation of members of the Observatory for the fight against corruption;

(e) Decree No. 2000/156 of 30 June 2000, modifying and completing certain provisions of Decree 95/102 of 9 June 1995 concerning attributions, organization and functioning of public markets commissions;

(f) Circular No. 006/CAB/PM of 4 March 2000, concerning the application of the regulations of public markets;

(g) Headquarters Agreement for the establishment of an Agency of Transparency International in Cameroon;

(h) Report on the work of the ad hoc committee on the fight against corruption at its fourth session; actions prescribed by the Head of State on matters concerning the Ministry of Urban Planning and Habitat ..., the Ministry of Public Administration and Administrative Reform ..., the Ministry of Public Health ... the Ministry of Mines, Water and Energy.

Canada

The Corruption of Foreign Officials Act entered into force on 4 February 1999. It criminalizes bribing a foreign public official as well as possessing and laundering property and proceeds obtained or derived from such bribery. ... Those proceeds of crime can be seized, restrained or forfeited. Policy may use a wiretap and other electronic surveillance to gather evidence in the investigation of these offences.

The Federal Government introduced Bill C-22, the Proceeds of Crime (Money Laundering) Act, in the House of Commons on 15 December 1999, where it is before the Senate. This Bill contains legislative proposals to ... establish the Financial Transactions and Reports Analysis Centre of Canada. ...

Internationally, Canada has actively participated in discussions and negotiations, in various international forums, including the United Nations, the Organization of American States, OECD, the Council of Europe, the Commonwealth and the G-8, about ways to combat corruption. Canada will continue to work for greater cooperation in combating international crime and corruption through its 2000-2002 membership of the Commission on Crime Prevention and Criminal Justice.

On 17 December 1998 Canada ratified the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions. By becoming the fifth country to ratify the Convention (out of the 10 countries with the largest share of OECD exports and representing at least sixty per cent of the combined total exports of those 10 countries), Canada was able to trigger the entry into force of the Convention 60 days after the deposit of its instrument of ratification. ... Canada signed the Inter-American Convention Against Corruption on 7 June 1999 and ratified the Convention on 6 June 2000. Canada is also involved in the negotiations of the United Nations Organized Crime Convention and would be supportive of efforts to negotiate a global convention against corruption.

China

The Criminal Code of China and the Law against Unfair Competition, among others, have provided for measures to "counter corruption and bribery in international trade" and to "prevent corrupt behaviour and the illegal transfer of funds".

Administrative rules and regulations currently in effect that have been drafted by this Ministry and proclaimed by the State Council, ... include the following:

(a) Provisional Rules on Administrative Action against Graft and Acceptance of Bribery by State Administration Personnel (proclaimed by the State Council on 13 September 1988);

(b) Provisional Rules on Administrative or Disciplinary Action against Foreign Exchange Fraud, Arbitrage, Evasive Outflow, Illegal Trading of Foreign Currencies and Other Violations of Foreign Currency Controls (ratified by the State Council ... on 25 January 1999);

(c) Rules on Professional Administration Fees and Penalties and Seizures for the Implementation of Separate Revenue-and-Expenditure Management (jointly proclaimed ... on 14 June 1999);

(d) Provisional Rules for the Implementation of Administrative Action against Graft and Acceptance of Bribery by State Administrative Personnel (proclaimed by the Inspectorate on 8 September 1989).

Colombia

... The Criminal Code of Colombia covers many types of criminal behaviour of public officials, most of which are included in Title III, on Crimes against the Public Administration. ... Recently, the Code was modified to add the criminal act of transnational bribery. ... In this manner, Colombia complied with the commitment made when it ratified the Inter-American Convention on Corruption. It is worth noting that the penalty imposed for transnational bribery is stronger than that imposed for bribery of national public officials (to offer or give a bribe). ...

On 6 June 1995, Colombia ratified and promulgated the Law 190 of 1995, ... adopting provisions aimed at eradicating corruption in public administration. This is known as the "Anticorruption Statute", which is part of the integral strategy of the national Government to combat corruption effectively.

In order to establish comparative benchmarks in public procurement, the Decree 1477 of 5 September 1995 was issued, providing regulations under the Law 190 concerning publication of procurement contracts in the *Official Bulletin of Public Procurement*. Decree 2232 of 1995 ... provided the regulations under the Law 190 regarding the disclosure of assets and information on economic activity, as well as the system of complaints. Law 190 ... strengthened the preventive and control measures contemplated in the General Statute of the Financial System, expanding them to other economic agents ...

Other measures adopted under the Law 190, were the obligation by the Superintendence of Banks and Stock Exchanges to assign a special department to deal exclusively with the control of the application of the measures referred to in the Statute of the Financial System. ...

The various State entities involved ... have issued a number of special measures including:

(a) Establishment of control measures on the import of goods, such as revision of import registration (Resolution 10 of 1996 of the High Council of External Commerce);

(b) Creation of the Integrated System for the Prevention of Money Laundering, regulating the instruments to detect suspicious operations and report them. ... It also calls for the adoption of codes of conduct, procedural manuals and auditing on the mechanisms of control and conservation of documents (Circular 061 of 1996 of the Superintendence of Banking).

To achieve better results, the Government created the Commission on Interinstitutional Coordination for the Control of Money Laundering by Decree 950 of 1995, with private sector participation. Decree 754 of 1996 created the Interinstitutional Committee to Combat Subversive Finances.

... Act No. 333 of 1996, on Termination of Control, adjusts the legal system to the requirements of the Vienna Convention of 1988 and other international instruments regarding the application of measures and declaration of termination of control over assets linked to a criminal act.

Act No. 365 of 1997 establishes norms aimed at combating organized crime and introduces important improvements in the fight against money-laundering. Among them, the new title of the Criminal Code, called "Money Laundering", explicitly typifies criminal behaviour deriving from serious crimes such as the illicit enrichment, extortion, abduction for purposes of extortion, rebellion, or those related to the traffic of toxic substances or illicit drugs.

In the ambit of non-governmental international organizations, Colombia cooperates actively with Transparency International and with the International Chamber of Commerce through their national chapters represented by Transparency Colombia (TICOL) and the Chamber of Commerce of Santa Fe de Bogotá. The Government ... proposed, as an alternative, adherence to the world programme of "Transparency International — Islands of Integrity", in the National Development Plan.

Croatia

... The new criminal legislation (Criminal Code, Criminal Procedure Act) is in force in Croatia since 1 January 1998. It incorporates the provisions of the available international instruments in the field of fighting international organized crime and corruption. Somewhat earlier, on 1 November 1997, the Money Laundering Act entered into force. Pursuant to this Act, the Government of Croatia established the Office for the Prevention of Money Laundering within the Ministry of Finance ...

... Amendments to these [statutes] ... are under way in Croatia to incorporate the relevant provisions of the international instruments of the Council of Europe, the European Union and other international instruments in this field which Croatia has signed and ratified, or such whose signing or ratification is being prepared. ...

... Croatia has been actively participating in the work of the Ad Hoc Committee for Drafting a Convention against Transnational Organized Crime since its establishment. Croatia has also agreed to the implementation of 40 recommendations of the Financial Action Task Force on Money Laundering.

On 15 September 1999, Croatia signed the Council of Europe Criminal Law Convention on Corruption and its ratification is under way. When this Convention enters into force, Croatia will become a member of the GRECO countries. The signing of the Council of Europe Civil Law Convention is under preparation.

... The new Government of Croatia has published all its efforts in fighting corruption in its Action Plan, adopted by the Croatian Parliament on 9 February 2000. The Ministry of the Interior has established a department for fighting corruption that engages in the enforcement of anti-corruption legislation.

... The Ministry of the Interior participates in the implementation of the commitments that Croatia has undertaken by signing the Stability Pact for CEE with its Anticorruption Initiative ... and the Investment Charter of the Stability Pact ...

Democratic Republic of the Congo

At the first level, the role of the traditional organs — the customs, the frontier police and the Congo office of control — have been made effective with the establishment of a technical secretariat for strengthening institutional and human capacity and with the creation of the economic police and the Commission for the Repression of Economic Crimes. These organs play a preventive and dissuasive role and exercise the control that leads to the discovery of frauds by qualitative or quantitative non-conformity or by under- or over-invoicing which facilitate the illicit transfer of funds.

At a second level, there are the administrative and regulatory measures. National regulations require automatic license for importation or exportation of goods and services. The Government has published the list of products the importation of which is prohibited or subject to special authorization (commerce in arms, explosives and ammunitions, as well as in precious objects, artworks and coffee). The public administrators are subject to transparency and to questioning in the discharge of their duties, while the members of Government must declare their patrimony before undertaking their functions and after leaving office.

Denmark

In order, inter alia, to enable implementation of a number of legal instruments related to corruption and bribery, an amendment of the Danish Penal Code was effected by Act No. 228 of 4 April 2000. The relevant sections of the amendment entered into force on 1 May 2000 and concern the following legal instruments:

(a) The European Union Convention on the Fight against Corruption involving Officials of the European Communities or Officials of the Member States of the European Union, signed on 26 May 1998;

(b) The European Union Joint Action of 22 December 1998 concerning Bribery in the Private Sector;

(c) The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;

(d) The Council of Europe Criminal Law Convention on Corruption, of 27 January 1999, with the attached Statute of the Group of States Against Corruption (GRECO).

The adoption of the Bill will, inter alia, enable Denmark to ratify the Conventions mentioned above and become a member of GRECO. Ratification is in the process of being finalized ...

Ecuador

The Superintendence of Banks, in the context of its task of control of financial entities, has established that all financial entities must have a manual on prevention of money-laundering to allow them to identify unusual operations of their clients in national or international transactions above US$ 10,000 during a month. This norm is found in chapter II, subtitle IV, Title VIII of the Codification of Resolutions of the Superintendence of Banks and Bank Boards, and it is in accordance with the legal parameters of the Law No. 108 (Law on Narcotic and Psychotropic Substances). Regarding transfers between financial entities, transactions exceeding $100,000 must be reported. The Superintendence of Banks undertakes the control and supervision of these manuals and norms and verifies compliance.

In addition, the Superintendence of Banks is part of an International Commission that analyses and studies the problem and issues pertinent observations related to proposals for legal reform, with a view to the specialization of the control of the activities that are presumed illicit or at least irregular. An Inter-Institutional Committee within the Commission carries out field work and implements the various measures needed, with the participation of the State, trying to obviate the need for further analysis in initiating criminal causes.

There is interest in combating corruption, and there are workshops that devise ways to harmonize the norms and limit the scope of action of groups involved in these types of crimes that utilize different mechanisms with state-of-the-art technology, especially regarding financial illicit acts. The possibility of increasing the amounts to be controlled may be considered.

Estonia

... The topics [mentioned in General Assembly resolutions 53/176 and 54/205] are dealt with in the Money Laundering Prevention Act which entered into force on 1 July 1999.

... The aim of the Act is to prevent criminally acquired money or other assets from penetrating the financial system. Among other things, the Act ... establishes the Financial Intelligence Unit under the Ministry of Internal Affairs to manage and supervise credit and financial institutions ... In the future, the main assignments of the Financial Intelligence Unit should concern the analysis of suspicious money-laundering transactions. ...

... The second paragraph of the Money Laundering Prevention Act states that money-laundering is the conversion or transfer of, or the performance of legal acts with, property acquired as a direct result of an act punishable pursuant to criminal procedure, the purpose or consequence of which is the concealment of the actual owner or the illicit origin of the property. A violation of the Act brings forth a criminal and an administrative charge.

... In addition to internal legal acts ..., Estonia has also ratified the Convention of the European Council on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, which establishes additional rules for preventing international money-laundering and illegal financial operations.

France

Fight against corruption at the national level

... The Central Service for the Prevention of Corruption (SCPC) was created ... with the task of preventing and detecting corruption. ... It analyses the mechanisms of corruption and fulfils a consultative role vis-à-vis the administration of justice and assistance to the administration of justice.

In 1999, economic and financial centres were put in place within the specialized jurisdictions, in order to deal more efficiently and rapidly with the complex matters relating to corruption and organized financial crimes. ...

Regarding the prevention of corruption and illegal transfer of funds, France plays an active role in the fight against money-laundering, especially in the Group on International Financial Action against Money Laundering (GAFI). ...

Fight against corruption at the international level

... In the context of the United Nations ..., the global programme on the fight against corruption, established in February 1999 by the Centre for the International Prevention of Crime, involves a research element and an element of technical cooperation. The meeting on corruption and its financial channels, organized in Paris on 31 March and 1 April 1999, has led to the definition of the first elements of a global strategy on the fight against corruption. Various provisions against corruption were introduced in the draft convention against transnational organized crime, during negotiations in Vienna ... proposed by France and the United States ... . The Commission for the Prevention of Crime and Criminal Justice at its ninth session (18-20 April 2000) adopted a resolution prepared by France, entitled "An effective international juridical instrument against corruption". ... It contemplates the elaboration of an international global juridical instrument against corruption ...

... The law authorizing the ratification of the [OECD] Convention [on Combating Bribery and Corruption of Foreign Public Officials in International Business Transactions] was approved on 25 May 1999 (Law No. 99-424 of 27 May 1999). ...

In the Council of Europe, the enlarged partial agreement establishing the Group of States Against Corruption (GRECO) entered into force on 1 May 1999. The Group is presided over by France. The Criminal Law Convention on Corruption, open for signature on 27 January 1999, has been signed by 31 States, including France. It has been complemented with a Civil Law Convention on Corruption, open for signature on 4 November 1999, and signed by 14 States, including France. A model code of conduct for public officials was adopted in May 2000.

Germany

... In the field of corruption and bribery in international commercial transactions Germany has ratified the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions. ... The Convention was transformed into German law on 10 September 1998, with the Law Against International Bribery ... In accordance with this law, the bribing of foreign national and international officials constitutes an offence equal to that of bribing German officials if it is committed with the intention of obtaining an advantage in international commerce.

The European Union's joint action of 22 December 1998 which aims at fighting corruption in the private sector in order to guarantee competition in the European Common Market is one more example of Germany's active support for international cooperation in this field. The Government is currently examining whether German legislation needs to be further adapted to this joint action.

Furthermore, the Council of Europe has agreed on two conventions promoting the international coordination of the struggle against corruption, one under criminal law (of 27 January 1999) and one under civil law (of 3 November 1999), which put particular emphasis on illegal practices in international commercial transactions. These two conventions are to be ratified by the German legislature during the current session.

In the field of prevention, a legal definition of duties may not be sufficient to avoid corruption in the public sector. What is also needed are internal regulations of the different administrations, which take into consideration their particular structures. In this context, Germany has obtained good results with the Federal Government's guideline against corruption in the federal administration, of 17 June 1998. It aims at defining sensitive fields in the administration and at reducing the risk of corruption by means of appropriate personnel measures, like additional supervision and frequent rotation.

Ghana

Regarding resolution 53/176, Ghana does not have a composite legislation on corruption and bribery in international commercial transactions. It is not a signatory to any international convention on action against corruption and bribery in international commercial transactions. In Ghana, however, the activities of the Special Fraud Office have great bearing on the issue. The institution, by law, has the mandate to conduct investigations into corrupt activities of businesses in Ghana and is vested with the power to prosecute business involved in corrupt practices.

With respect to resolution 54/206, Ghana has established legal institutions to combat corrupt practices and illegal transfer of funds including money-laundering. The activities of the Special Fraud Office have already been discussed. Another institution established by law to combat illegal transfer of funds in Ghana is the Drugs and Narcotics Control Board. Its activities involve not only combating trafficking in illegal drugs such as narcotics but also conducting investigations into money-laundering and taking the necessary action thereon. The Courts in Ghana, as established under the 1992 Constitution and under the Courts Act, have jurisdiction over cases involving fraudulent and corrupt activities or business in Ghana.

Greece

Greece has ... enacted a special criminal law, the Act Ratifying the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, through which the body of rules of the Convention has been integrated into the Greek legal system. The Act establishes the criminal offence of bribery of a foreign public official, criminalizes non-compliance with accounting regulations and establishes administrative penalties for enterprises. Greece has also broadened its money-laundering legislation in order to include the offence of bribery of foreign public officials.

As far as money-laundering and illegal transfer of funds, Greece has ratified and implemented the relevant Conventions of the United Nations (Vienna Convention) and of the Council of Europe (Strasbourg Convention) on the subject. It has also integrated into its law the relevant European Community legislation (Directive of 1991).

In both of these fields, Greece participates actively in all international forums as a member of the OECD Working Group on Bribery and Corruption in International Business Transactions, in the Financial Action Task Force on Money Laundering and in the Egmont Group, as well as in the preparatory legislative groups in the United Nations, the Council of Europe and the European Union.

Hungary

Hungary signed the [OECD] Convention [on Combating Bribery of Foreign Public Officials in International Business Transactions] on 17 December 1997 and ratified it on 29 November 1998.

With Act LXXXVII of 1998 Hungary adopted legislation necessary to implement the Convention in national law. A new title was incorporated into the Hungarian Criminal Code, "Offences against the purity of international public life". The new title contains the offences of "bribery in an international relationship". This legislation entered into force on 1 March 1999. The scope of the new offences is somewhat broader than that of the Convention, as passive bribery is also punishable. ...

As a member of the Council of Europe, Hungary signed the Criminal Law Convention on Corruption on 26 April 1999. Ratification is expected to take place in the first half of the year 2000. ... The Hungarian Criminal Code appropriately regulates the active and passive bribing of national public officials and the active corruption of foreign public servants. Hungary has joined the Council of Europe's Group of States Against Corruption (GRECO), and the Ministry of the Interior participates in its implementation with a staff of five officers.

... Hungary ratified the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime, signed on 8 November 1990. The ratification documents were deposited on 2 March 1999, and the Convention will enter into force in respect of Hungary on 1 July 2000. Act CXX of 1999 on the modification of penal regulations ... which entered into force on 1 March 2000 ... has modified the definition of money-laundering, extending it to all the criminal activities prior to the actual offence of money-laundering.

Indonesia

... There are three basic steps the Government of Indonesia is trying to achieve in order to eliminate corruption ...

In the development of law, there are a number of regulations concerning good governance ... :

(a) Regulation No. 3 of 1971, "Elimination of Corruption Criminality";

(b) People's Consultative Assembly of the Republic of Indonesia Decision No. XI/MPR/1998, "Clean State Administration, Free from Collusion and Nepotism"

... The Government ... has taken several measures to enhance the States' performance in its efforts to form a clean government, including enhancement of transparency in government procurement. Several policies with the objective of implementation and follow-up on these tasks are:

(a) Presidential Decree No. 7 of 1998 (Government and State-Owned Companies in Development and/or Infrastructure Management);

(b) Presidential Decree No. 6 of 1995 (Supply Evaluation Team);

(c) Presidential Decree No. 8 of 1997 and Presidential Decree No. 24 of 1995 (amendment of Presidential Decree No. 16 of 1994 on Implementation of the National Budget);

(d) Letter of the Coordinating Minister of Development Supervision and Enhancement of Indonesian State Officials, No. 79/WK.WASPAN/6/98 of 11 June 1998 (Steps to eliminate corruption, collusion and nepotism from the national economy);

(e) Announcement letter of the Director General of the State Budget No. SE11/A/51/0194, of 26 January 1994 (Government Accounting System on the Implementation of the State Budget for 1994/1995).

In the development of legal institutions, the present Cabinet of National Unity ... has undergone a number of restructuring steps — e.g., the appointment of the post of Minister for Law and Regulations, to assist in the creation of an environment conducive to law enforcement in Indonesia. In May 2000, Indonesia established the Committee for the Elimination of Corruption, an independent anti-corruption committee to separate the investigation and indictment functions into two different institutions. Currently informal institutions, called "the Indonesian Corruption Watch (ICW)" and "the Indonesian Transparent Society (MPI)", and consisting of highly integrated people in the society, are expected to be important pressure groups with effective force in eliminating corruption. At the same time, the Government is trying to enhance its integrity and to strengthen the professionalism of the existing law enforcement institutions — the Office of the Attorney General, the Judiciary and the Policy Force.

The Government cooperates with international organizations — e.g., the World Bank and UNDP. The main objective of this cooperation is to assist the Government in implementing reforms with the goal of creating a clean and transparent government.

In law enforcement the Government is applying pressure on its high ranking government officials to report on their private assets prior to their terms of office ... The Government has started to bring corruption cases to court, previously a difficult practice.

Italy

... No special measures seem to have been taken in the Italian legal system to apply the recommendations contained in the resolutions of the United Nations ...

However, Italy has already at its disposal a range of internal measures aimed at fighting corruption and illegal transfer of funds, so that it can be confirmed that it adheres to international standards on the matter.

Japan

... On 10 April 1998, the Government of Japan formally submitted [the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions], along with its implementing legislation (amendments to the Unfair Competition Prevention Law) to the National Diet. The National Diet approved it on 22 May 1998. The implementing legislation was adopted on 28 September 1998. The instrument of acceptance was deposited on 13 October 1998. The implementing legislation entered into force, together with the Convention, on 15 February 1999. [It] prohibits anyone from giving, offering or promising any pecuniary or other advantage to a foreign public official in order to obtain or retain improper business advantages.

... In March 1998, the Government presented to its National Diet draft bills which introduced various

measures against organized crime, and they were approved on 12 August 1999.

Of particular relevance to "illegal transfer of funds" — i.e., money-laundering — is the Law Concerning Punishment of Organized Crime, Control of Crime Proceeds and Other Matters, which took effect on 1 February 2000. In addition to introducing severe penalties against organized crime, the law provides for the following measures in order to control the proceeds of crime:

(a) Extending predicate offences of money-laundering to include certain serious crimes other than drug offences;

(b) Confiscation and freezing of the proceeds of crimes or other property of corresponding value of proceeds;

(c) Requiring financial institutions to report suspicious transactions related to money-laundering to the competent authorities and the establishment of a financial intelligence unit to deal with such reports;

(d) Taking action in response to requests by foreign countries to freeze and confiscate the proceeds of certain serious crimes or other property of corresponding value of such proceeds.

Lao People's Democratic Republic

The Government ... accords great importance to General Assembly resolution 53/176 ... The Lao People's Democratic Republic has not taken any measure contrary to either the letter or the spirit of that resolution. A number of decrees from the Prime Minister have been elaborated and promulgated with a view to making more effective the fight against corruption and corrupt actions in the Lao People's Democratic Republic.

Lebanon

Legislation enacted prior to General Assembly resolutions 53/176 and 54/205

(a) The Criminal Code (which contains provisions concerning bribery, the use of influence, embezzlement and exploitation of public office);

(b) The Civil Service Board (responsible for civil service appointments, promotions, salaries and allowances, discipline and dismissals);

(c) The Public Board Discipline (which has full authority to dismiss or retire any official from the public service for acts incompatible with the duties of a public servant under a decree adopted by the Council of Ministers);

(d) The Central Inspection Board (responsible for overseeing all public departments and institutions and autonomous agencies and compliance by civil servants with the duties and responsibilities pertaining to their office);

(e) The Audit Board (an administrative court responsible for fiscal matters and overseeing public finance and funds deposited with the Treasury);

(f) The Public Accounts Act (establishes the conditions governing equipment and public works transactions through invitations for tenders, mutual consent or invoicing requirements);

(g) The Public Administration Act (specifies the powers and responsibilities of higher administrative officers);

(h) The Civil Service Act (establishes conditions of employment, the responsibilities and duties of civil servants and other matters relating to the civil service);

(i) The Act concerning the Office of the Principal Public Prosecutor for Financial Matters (prosecution of perpetrators of specific financial offences).

Legislation enacted after the adoption of the two General Assembly resolutions

(a) Amendment of the Unjust Enrichment Act;

(b) Amendment of the Protection of Cultural Property Act;

(c) Narcotics, Psychotropic Substances and Precursors Act.

Legislation to be enacted in the near future

(a) Amendment of the Patents Act;

(b) Amendment of the Public Accounts Act (as regards public invitations to tender).

... In addition, the Association of Lebanese Banks has concluded a precautionary agreement with its members to control the use of the banking sector for the laundering of funds from drug trafficking. By a decision adopted by the Bank of Lebanon, the agreement was made binding on all banking and quasi-banking institutions.

... Concerning the Ministry of Finance, three major measures have been adopted in order to prevent corruption in international commercial transactions and illegal transfer of funds. The legislative measure is Law No. 154, dated 27 December 1999, which gives a definition of the undue enrichment in the public administration. ... Two administrative measures ... the Ministry of Finance and the Customs Administration have embarked on a programme for the reform of customs procedures and improvement of services to its clients. ... The project NOOR ... aims at enabling traders and brokers to interact electronically from their own offices with Customs NAJM server. ...

A senior subcommittee composed of the Ministry of Finance, the Central Bank, the Banking Control Commission, and the Control Committee for anti-money-laundering activities of the Association of Banks has been created ... Its mission is to strengthen Lebanon's present regime for anti-money-laundering. ...

Liechtenstein

Liechtenstein law contains several provisions dealing with confiscation of criminal proceeds and the application of provisional measures. The Law of 21 March 1996 brought about significant amendments to the Criminal Code in this respect. ... In view of the ratification of the 1990 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime, the Liechtenstein Government submitted to Parliament a draft law which will strengthen these provisions, inter alia, by deleting the existing threshold for confiscation and introducing possibilities of civil forfeiture.

Liechtenstein has been a party to the European Convention on Mutual Legal Assistance in Criminal Matters since 1970. This, in conjunction with the Law of 11 November 1992 on International Assistance in Criminal Matters, provides the basis for collaboration with foreign States in the area of criminal justice. ... The Liechtenstein Government has ... submitted to Parliament a bill on the revision of the Law. This revision will, inter alia, specifically provide for the enforcement of foreign confiscation decisions and the conclusion of sharing agreements.

The Liechtenstein Due Diligence Act entered into force on 1 January 1997, establishing reporting mechanisms on suspicious transactions. All financial intermediaries operating in Liechtenstein are subject to this Act. ... Based on practical experience with the law ..., the Liechtenstein Government has elaborated a bill on [its] amendment ... The planned amendments will, inter alia, considerably extend the reporting requirements and greatly enlarge the scope of the verification regime.

At the same time, the Liechtenstein Government takes the occasion of this far-reaching package of reforms in the regulatory system of the financial sector to redefine corruption offences under the Criminal Code, taking into account the development of legislation in neighbouring countries concerning the fight against corruption. ... It is foreseen that all the planned amendments to laws mentioned above will enter into force in the autumn of 2000.

Lithuania

Legislation in place or currently being worked on ... : the Law on Declaration of the Property and Income of Residents ... became effective on 1 January 1996. On 19 June 1997 the Siemas (Parliament) ... adopted the Law on Prevention of Money Laundering. The Law prescribes ... the State institutions responsible for the implementation of the measures of prevention of money-laundering. On 26 June 1997, the Seimas ... adopted the Law on the Accounting of the Lawful Acquisition of Personal Property for the Origin of Income. On 1 July 1997 the Seimas ... adopted the Law on Organized Crime Prevention. On 2 July 1997 the Seimas ... adopted the Law on the Adjustment of Public

and Private Interests in the Public Service; and on 22 May 1997 the Seimas ... adopted the Law on Operational Activities. On 15 January 1999 ... Resolution No. 62, "Organized Crime and Corruption Prevention Program", was approved. On 3 June 1999, the Seimas ... adopted the Law on Public Procurement, and on 17 June 1999, the Seimas ... adopted the Law on Public Administration. On 8 July 1999, the Seimas ... adopted the Law on Public Service; and on 22 May 2000, it ... adopted the Law on Special Investigations Service. The Draft Law on Lobbying Activities is already completed and will be submitted to the Seimas this year.

Ratification of relevant international instruments in the field of corruption:

(a) European Convention on Extradition (24) and Protocols;

(b) European Convention on Mutual Assistance in Criminal Matters (30) and Protocol;

(c) European Convention on International Validity of Criminal Judgements (70);

(d) European Convention on the Transfer of Proceedings in Criminal Matter (73);

(e) European Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (141);

(f) United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (156).

Lithuania signed the Criminal Law Convention on Corruption (174) and in 1999 became member of GRECO.

Luxembourg

The corruption of public officials is already covered by the Penal Code and subject to penalties. Nevertheless, Luxembourg is going to expand the scope of the crime by adopting a draft law which is currently under examination by the Chamber of Deputies, following the approval of the OECD Convention ... [on Combating Bribery of Foreign Public Officials in International Business Transactions], and relating to embezzlement, destruction of documents and titles, misappropriation of public funds, illegal seizure of interests and corruption.

... Regarding the fight against money-laundering, Luxembourg has put in place, in accordance with 40 recommendations of GAFI, a mechanism for anti-laundering, including preventive and penal measures. The preventive measures were introduced by the Law of 5 February 1993 relating to the financial sector and were also expanded in 1998 and 1999 ... The penal measures regarding money-laundering of products originate from drug trafficking, organized crime, kidnapping of minors, proxenitism, corruption and infractions of the legislation on arms and ammunitions.

Mauritius

... In order to improve accountability and transparency as a tool to fight corruption, the entire population — the Government, private sector, media, general public and non-governmental organizations — adopted a National Action Plan in a coordinated effort to reduce corruption. ...

The objective of the plan is to reinforce legislation — namely, the Criminal Code (sections 125-132A) — which targets principally government officials receiving bribes in the performance of their functions. It will also ensure that other measures in line with our international obligations, such as the relevant United Nations resolution are implemented and the appropriate legislation introduced to prevent corruption in all sectors of civil society.

In that context, the Economic Crime and Anti-Money Laundering Act, which has just recently been passed in the Mauritius Parliament, adopts most of the Financial Action Task Force recommendations — namely:

(a) The criminalization of the strategy of money-laundering;

(b) A requirement on financial institutions to know their customers and to keep records of transactions;

(c) Powers to trace, freeze and confiscate criminal proceeds, keeping in mind the need to maintain an appropriate level of confidentiality to protect legitimate customer interest and to ensure confidence in the financial system;

(d) Effective mechanisms for international cooperation.

Furthermore, the Act provides that any money-laundering offence shall be considered to be an extradition crime for which extradition may be obtained under the Extradition Act.

The Public Integrity Bill is also about to be introduced in the Mauritius Parliament. The object of this Bill is to establish a Public Integrity Commission with four distinct functions — namely:

(a) Preventing corruption through the introduction of public measures;

(b) Prevention of corruption through advising public bodies of their practices and procedures from an anti-corruption viewpoint;

(c) Investigation of allegations of corruption;

(d) Monitoring government contracts through random checks and other measures.

The Public Procurement Transparency and Equity Act (not yet proclaimed) provides for the reform and modernization of public procurement ... and for the establishment of entities having responsibilities to procure goods, works and services. ...

... New provisions will be made in the Criminal Code to cater for bribery relating to government contracts, options or tenders and to provide for a wider definition of bribery.

Mexico

Mexico, within the framework of the OECD, ... signed the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Government submitted to the Parliament ... the addition of article 222 bis to the Federal Criminal Code (CPF), which typifies the crime of bribery mentioned above. This initiative was approved by Parliament and promulgated ... on 17 May 1999. ... The instrument of ratification signed by the President was deposited with the OECD in the context of the OECD Ministerial Meeting presided by Mexico on 26 May 1999. From 1 to 3 March 2000, Mexico was reviewed with respect to its compliance with the commitments of the Convention. The examiners were Spain and the Netherlands, and the results were satisfactory.

Mexico was unanimously accepted as a full member in the plenary session of the Group on International Financial Action Against Money Laundering (GAFI) of the OECD, 20-22 June 2000. This admission recognizes that Mexico has the necessary legal framework and the administrative instruments to comply with the 40 recommendations of the Group regarding money-laundering. Mexico still needs to adjust certain norms to comply fully with the commitments made with GAFI.

Within the framework of the Organization of American States (OAS), Mexico has participated actively in the fight against corruption.

Mexico subscribed to the Inter-American Convention against Corruption of 29 March 1996. The Senate approved it on 30 October 1996, and the instrument of ratification was deposited on 2 June 1997. The Convention promotes and strengthens regional cooperation and the mechanisms of individual member States ... It eliminates the need to conclude bilateral agreements on extradition, judicial assistance and cooperation regarding acts of corruption.

Mexico supports the Inter-American Cooperation Programme to Prevent and Combat Corruption, approved in 1997 by the General Assembly of the OAS, which requires for its implementation the development of actions in four areas: juridical, institutional, international and civil society.

Mexico cooperated in efforts to apply the Plan of Action of the First Summit of the Americas (Miami, 1994). The Plan develops a hemispherical focus on actions of corruption ... Within this framework, in 1998 an appropriate follow-up to the developments on the Inter-American Convention was programmed.

Mexico supports the decision of the Commission on Crime Prevention and Criminal Justice (Vienna, 18-20 April 2000) to promote the elaboration of an effective instrument against corruption as a broad international instrument independent of the United Nations Convention against Organized Transnational Crime and its Protocols.

Netherlands

The Netherlands has undertaken several measures in order to implement General Assembly resolution 53/176 ... and resolution 54/205 ... The Lower House of

Parliament agreed upon a number of treaties concerning the fight against fraud and corruption, on 29 June 2000. These are the OECD Convention ... on Combating Bribery of Foreign Public Officials in International Business Transactions and a number of European Union agreements: the Agreement of 26 July 2000; the Protocol of 26 September 1996 regarding the Protection of the Financial Interests of the European Union, and the Protocol of 29 November 1996 concerning the Prejudicial Specification of the Agreement of 26 July 1995. Consideration in the Upper House follows.

Adoption of these treaties makes revision of certain penalty clauses on crimes committed by officials necessary. The Lower House of Parliament has equally accepted a bill in this regard, which has been passed on the Upper House for discussion, together with the above-mentioned treaties.

In the international field, the Netherlands works together with other members of the Utstein Group (Germany, the Netherlands, Sweden and the United Kingdom) on reduction of the damaging effects of corruption on development. The intention is to support developing countries and economies in transition that are committed to preventive or remedial action. Furthermore, the Netherlands is one of the largest donors of the global CICP anti-corruption programme. Finally, the Netherlands is, together with the United States, responsible for the preparation of the Global Forum II meeting on fighting corruption which will be held in May 2001 in The Hague. In this connection, the Netherlands is one of the driving forces behind the preparation of (the building stones for) a comprehensive and universal anti-corruption convention.

Norway

The United Nations Declaration against Corruption in International Commercial Transactions is in line with the policy of Norway in the field of corruption. It has therefore not been considered necessary to implement new measures in order to follow the recommendations of the Declaration. However, the Declaration is being taken into account in the fight against corruption.

Norway is a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Upon its entering into force, the Norwegian Penal Code was amended to meet the requirements of the Convention ...

A rigorous process of multilateral surveillance has begun in April 1999 to monitor compliance with the Convention and assess steps taken by countries to implement it in national law. The Norwegian legislation was one of the firsts to be examined. Under the evaluation of Norway the Norwegian authorities were complimented for the quick ratification and implementation of the Convention into Norwegian legislation. Norway has established a committee to review the Penal Code, which will take into account the requirements of the Convention.

The European Council Criminal Law Convention on Corruption was opened for signature on 27 January 1999 and was signed by Norway on the same day. ... A proposal for ratification was presented to the Parliament in May 2000. The European Council Civil Law Convention on Corruption was opened for signature on 4 November 1999 and Norway signed it on the same day, but it is still not ratified.

... The battle against corruption was launched as a new offensive within the context of Norwegian international development cooperation in 1999. Six measures were identified to carry out this offensive:

(a) The Norwegian Agency for Development Cooperation (NORAD) will become an international front-line organization in the battle against corruption;

(b) Corruption will be put on the agenda in our dialogues with our partner countries;

(c) Norway will provide assistance to our partner countries in the battle against corruption;

(d) International efforts to combat corruption must be better coordinated, more systematic and more effective;

(e) Non-governmental organizations must be drawn into the battle against corruption;

(f) Sanctions will be imposed, if necessary.

... Norway provides financial support to UNDP activities related to good governance, including the programmes on good governance in Africa. The request for capacity-building and training on these issues has increased ... Anti-corruption was among the issues discussed in the 1998 Africa Governance Forum.

... Norway participates actively in the work under the OSCE Stability Pact on South-east Europe, including, among others, an anti-corruption initiative based on a concrete action plan.

... Norway established in 1997 a Trust Fund for Anti-corruption and Good Governance Activities with the World Bank. This has contributed to anti-corruption programmes being established in more than 20 countries.

... Norway also intends to participate in the negotiations on a global convention on combating corruption.

... A central objective in bilateral relations is to assist our partner countries in fighting and preventing corruption ... Corruption issues are dealt with at all levels in our relations with partner countries from the heads of States to the local (project) level.

The Norwegian Agency for Development Cooperation (NORAD) has been given a special mandate to deal with anti-corruption issues in Norway's bilateral assistance. NORAD launched in February 2000 a Good Governance and Anti-corruption Action Plan for 2000-2001.

Pakistan

The first step taken by the Government of Pakistan in fighting corruption was the promulgation of the National Accountability Bureau (NAB) Ordinance. ... The Ordinance is in addition to, and overrides, laws already existing to curb corruption ...The Ordinance specifically aims at providing effective measures for the detention, investigation, prosecution and speedy disposal of cases involving, inter alia, corruption, corrupt practices and misuse/abuse of power, and misappropriation of property.

... A major factor in the commission of corrupt practices was the role played by the public sector banks. To effectively check and address this issue, it was found necessary to criminalize the offence of "wilful default" in repayment of outstanding dues to financial institutions. This has proved to be particularly effective.

Keeping in view the professional and financial constraints of the existing investigating agencies ... the National Accountability Bureau (NAB) has managed to achieve a reputation for swift and effective disposal of allegations of corruption, in particular of those persons who have held high office.

Special Accountability Courts have been established at all the provincial headquarters to expedite the prosecution and speedy disposal of cases involving corruption and corrupt practices. ...

The efforts being made by the Government of Pakistan need to be complemented by more resolute action by the international community in three key areas: programmes to strengthen national institutional capacities for addressing corrupt practices; devising ways and means to repatriate illegally transferred funds to their countries of origin; and repatriation and/or prosecution of people indicted for corrupt practices in their home countries who are residing elsewhere.

Panama

The Criminal Code regulates corruption of public servants in chapter III, book II, including unjust enrichment.

The Directorate of Patrimonial Responsibility in the General Controller's Office of the Republic was created by Cabinet Decree No. 36 of 10 February 1990, to investigate and sanction patrimonial damages to the State by its agents and employees.

The Directorate General Against Corruption was created in the Ministry of Economy and Finances by Executive Decree No. 99 of 13 September 1999.

By Law No. 42 of 1 July 1999, Panama ratified the Inter-American Convention Against Corruption, signed in Caracas, Venezuela, on 29 March 1996.

The Law 59 of 29 December 1999 regulates article 299 of the Constitution and adopts other provisions against corruption.

By Decree No. 57 of 23 February of 2000, the General Controller's Office created General Directorates for Auditing the Panama Canal Authority, the Environmental Management and the Patrimonial Assets, with a view to modernizing its functions and combating corruption.

The General Controller's Office elaborated a draft law on administrative responsibility and it is permanently putting special emphasis on the tasks of supervision and auditing; revision of procedures on

State transactions (purchases, contracts, etc.), as well as on programmes for anti-corruption education.

Since 1995, the National Directorate for Special Investigations operates within the General Controller's Office with the purpose of receiving and processing denunciations of irregularities in the management of public funds and assets.

At the same time, the Banks Superintendence is part of the commission which currently elaborates a draft law to expand the scope of the criminalization of money-laundering, with a view to include in this crime the hiding of the illegal origin and/or the use of funds from crimes other than drug trafficking. The related crimes that will be included in the new draft proposal on money-laundering are, effectively, corruption, bribing and the like, among others.

Paraguay

Law No. 977/96 to ratify the Inter-American Convention against Corruption and Law No. 105/96 to Prevent and Suppress Illicit Acts Aimed at Legitimating Money and Property. Both laws are part of the national legal system and have been adopted with the purpose of combating corruption and certain international illicit practices.

Republic of Korea

After its accession to the OECD in December 1996, the Republic of Korea was formally invited to attend the OECD Working Group on Bribery and actively participated in the discussion on the revision of the OECD Council Recommendations on Combating Bribery of Foreign Public Officials in International Business Transactions ... The Republic of Korea became one of the original signatories of the [OECD] Convention [on Combating Bribery of Foreign Public Officials in International Business Transactions]. The Government submitted ... a bill to ratify the Convention ... in October 1998, along with its implementing legislation, the draft Act on Preventing Bribery of Foreign Public Officials in International Business Transactions. Upon approval by the National Assembly, the Government deposited its instrument of ratification on 4 January 1999 and the implementing legislation went into effect on 15 February 1999, at the same time as the entry into force of the OECD Convention.

The OECD Group on Bribery examined the Republic of Korea's implementing legislation at the meeting in July 1999. After mutual evaluation, the Working Group concluded that the Act generally conforms to the requirements of the Convention.

Romania

In 1996, ... the National Council of Action against Corruption and Organized Crime was created to coordinate measures taken by different State institutions to combat [corruption].

The Law on the Prevention and Penalization of Corruption ... was adopted by the Parliament under No. 87 of 2000. Also in force is Law No. 21 of 1999 on the Prevention and Condemnation of Money Laundering, pursuant to which the regulations on the organization and functioning of a national office for the prevention and combating of money-laundering were adopted.

The institutional level has been reinforced by the introduction of structures in the framework of various authorities specialized in combating organized crime and corruption. ...

In the context of its process of legislative reform, Romania attributes prime importance to the assimilation of instruments of international law. As a member of the Council of Europe and as a country associated with, and in via of adhesion to, the European Union, Romania has already ratified important European Conventions on penal matters ...

Other important international instruments in this area that have been signed by Romania are in different stages of ratification — namely:

(a) The Convention concerning Laundering, Search, Seizure and Confiscation of Proceeds from Crime;

(b) The Criminal Law Convention on Corruption;

(c) The Civil Law Convention on Corruption;

(d) The Convention on the Protection of the Environment by Criminal Law.

Romania participates in the mechanism of surveillance established by the Council of Europe in

the framework of GRECO, authorized by resolution No. 98/7 of the Committee of Ministers, on 5 May 1998.

... Romania participates with interest in the elaboration of a new convention against transnational organized crime. ...

Romania is also an active promoter in the framework of regional cooperation. It takes part in various organizations such as the Organization for Economic Cooperation in the Black Sea, the Central European Initiative, the Initiative for South-eastern European Cooperation. Bucharest is the site of the Regional Centre for Combating Transnational Crime.

Recently Romania has expressed interest in participating in the actions of the Initiative Anti-Corruption, established in the framework of the Stability Pact ... On 9 March 1999 the Minister of Justice expressed to the Secretary-General of OECD the intention of Romania to participate fully in the Working Group on Corruption in International Commercial Transactions, with a view to participate in the Convention elaborated by that Organization.

Russian Federation

The Russian Federation highly appreciates efforts by the United Nations aimed at combating corruption and bribery of public officials, including, inter alia, while carrying out international commercial transactions. Against the backdrop of the political and economic significance of this issue, as well as its importance for the activation of the fight against crime, the Government has sent a letter with a request that the Russian Federation be included as a full-fledged member in the Working Group of the OECD on Bribery in International Commercial Transactions, having in mind its eventual accession to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. ... The Russian Federation has made known its intention to ... also take the necessary steps with a view to introducing into Russian legislation criminal responsibility for an international offer, promise or handing over of illicit payments to a foreign public official. The Russian Federation's accession to the Convention will therefore constitute a major step in the fight against crime, including corruption, as well as have a favourable international resonance.

San Marino

The Government of San Marino has not adopted specific measures to give effect to General Assembly resolutions 53/176 ... and 54/205 ..., but it is nevertheless very concerned with the problem. The Criminal Code of San Marino contains various articles that deal directly or indirectly with certain matters raised in the resolutions, in particular:

(a) Article 204 (Fraud);

(b) Various articles in chapter IV, entitled "Crimes committed by public officials against the public administration": article 371 (Misappropriations committed by a public official), article 372 (Collusion), article 373 (Corruption), article 374 (Acceptance of retribution for an action already done), article 375 (Conflict of interest), article 376 (Abuse of authority), article 377 (Revelation of official secrets), article 378 (Omission of actions relevant to the public duty), article 380 (Refusal of services);

(c) Article 389 (Tax evasion).

The Parliament approved, on 15 December 1998, the Law No. 123/98 Against Money Laundering and Usury. Also San Marino participates in the work of the Expert Group of the Council of Europe whose task is to study measures to combat money-laundering.

Slovenia

In 1999, Slovenia carried out partial reform of its penal system, the objective of which was also harmonization with international instruments in the field of the repression of corruption, notably with the United Nations Declaration against Corruption and Bribery in International Commercial Transactions.

... In the new Liability of Legal Persons for Criminal Offences Act, Slovenia has for the first time defined the responsibility of legal persons for criminal offences of corruption perpetrated by their employees.

In the Criminal Procedure Act, Slovenia has regulated the possibility of the use of special investigation measures (telephone bugging, bugging the premises, control of letters and other parcels, control of computer systems of financial subjects, fake bribery) in detection and repression of corruption, and introduced the possibility of confiscation of money or property originating from criminal offences of

corruption or money-laundering, under special conditions, also in cases when the criminal procedure does not end in the judgement of conviction. Moreover, Slovenia has considerably facilitated the conditions for international legal assistance in the field of corruption.

In February 2000 Slovenia ratified the Council of Europe Criminal Law Convention on Corruption, while a year earlier it signed the corresponding agreement and started with active work in the Group of States [of the Council of Europe] Against Corruption (GRECO). At present, procedures are under way for the signing of the OECD Convention for Combating Bribery and Corruption of Foreign Officials in International Business Transactions, and Slovenia has already applied for membership in the corresponding OECD working group. Procedures for the signing of the Council of Europe Civil Law Convention on Corruption are under way as well.

Spain

At the end of 1997, Spain signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and the instruments of ratification were deposited at the end of 1999, after the necessary legal modifications in the Spanish Criminal Code were introduced.

The relevant OECD Committee has reviewed Spain's implementation of the Convention, which obtained a positive evaluation, albeit with some criticism, especially with regard to the complexity of the criminal norms on this matter, in spite of the reforms effectuated prior to the ratification. For this reason, a new modification of the Penal Code will be carried out to simplify the existing norms.

Sweden

Since Sweden is party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, our regulations on bribery have been changed to conform to that Convention. The instrument of ratification was deposited with the OECD on 8 June 1999. The implementing legislation entered into force on 1 July 1999. ...

Also in the OECD, Sweden strongly advocated a substantial work programme for the working group on bribery, including if possible strengthening of disciplines with regard to bribery in relation to money-laundering.

Sweden has implemented the European Union instruments and signed the Council of Europe's conventions against corruption affecting both criminal and civil law. Ratification of the conventions is being prepared.

On money-laundering, Sweden participates actively in the OECD Financial Action Task Force on Money Laundering, which has set up 40 recommendations against money-laundering. Sweden wants to maintain the fast pace of the Task Force's work; put political pressure on countries and territories that are safe havens for money-laundering; and review the Task Force's recommendations, primarily to strengthen them with regard to company law.

In general, good governance and the fight against corruption are high on the Swedish agenda, and Sweden actively supports a global United Nations convention against corruption. This may translate into Swedish contributions to UNCTAD projects on good governance issues and in particular the struggle against corruption.

Switzerland

Measures at the international level in the context of development aid ... Switzerland introduced in 1996 a recommendation adopted by the Development Aid Committee (CAD) of the OECD relating to the introduction of an anti-corruption clause in agreements and contracts relating to development aid. Since then, the clause has been part of the standard clauses found in all contracts and intergovernmental agreements relating to development aid. During the current year, the CAD will review its first conclusions. In 1998, Switzerland adopted general guidelines on the fight against corruption applicable to its policy of cooperation for development as a whole. They aim at improving the management of funds for cooperation and introducing common actions with the beneficiary countries. It has financed conceptual works and applied studies by universities and international organizations which help improve the understanding of the interrelations, mechanisms and consequences of corruption; provided annual contributions to Transparency International; provided partial financing

of the national association Transparency/Switzerland; and provided financial support to international conferences dealing with corruption (Lima, 1997, and Durban, 1999).

Switzerland signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. It was ratified in May 2000. As for measures at the national level: up to now, the adaptations in the Swiss legislation are focused on the public sector.

Thailand

In terms of legislative actions, the progress to date is as follows:

Prevention and elimination of corruption

In 1999, the Office of the National Counter-Corruption Commission, the main authority responsible for the prevention and elimination of corruption, implemented several counter-corruption legislative measures such as the Organic Law on Counter-Corruption, the Organic Law on Criminal Procedure for Persons Holding Political Position and the Act on Offences of Corruption Bidding. ... Several other laws are awaiting consideration and approval and are expected to be finalized in the year 2000, such as the law to increase fairness and transparency in the promotion process of high-level government officials and the codes of conduct for government officials' receipt of assets and other benefits.

Illegal international financial transactions and money-laundering

Developments in advanced telecommunications systems and computer equipment has increased the convenience in international financial transactions, such as electronic banking, and this increases the difficulty in detecting illegal financial transactions and money-laundering activities by executives of financial institutions. To cope with this problem ... in August 1999, the Thai Government enacted the Money Laundering Control Act as a means of prosecuting predicate offences and offences of money-laundering. The Anti-Money Laundering Office is responsible for the ... implementation of this Act. In addition, the Bank of Thailand is in the process of drafting a new Financial Institutions Law, which includes clauses to prosecute illegal financial activities performed through computer.

Drug trafficking

In the year 2000, the Thai Government has enacted laws that seek to increase the efficiency and scope of the Thai authorities in dealing with drugs: the revised Act on Measures for the Suppression of Offenders in an Offence relating to Narcotics, and the Narcotics Control Act.

United Kingdom of Great Britain and Northern Ireland

The United Kingdom has ratified the Convention on the Fight Against Corruption Involving Officials of the European Communities or Officials of Member States of the European Union. Ratification of the Convention and its (three) associated Protocols was carried out at the same time, including the First (Corruption) Protocol to the Convention on the Protection of the European Communities' Financial Interests. The United Kingdom signed the Council of Europe Criminal Law Convention on Corruption in January 1999; no decision has yet been taken on ratification. ... The United Kingdom ratified the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions in December 1999.

III. International organizations and groups of countries

African Development Bank

The Bank has for some time supported activities to promote and improve governance, including combating corruption. It has done so through structural adjustment programmes that aim, among other things, at restructuring the civil service, reforming the legal and judicial systems, and strengthening financial management capacity.

Governance issues are some of the criteria that are taken into account in assessing country performance for the purpose of allocating Bank Group resources. ... Additional considerations include a country's commitment to sound management of public

expenditure programmes, greater accountability, and improvement of the legal and regulatory environment. ...

In order further to strengthen its operations, the Bank's procurement policies and procedures have been revised with effect from January 1997. ... Causes have been introduced to render the policy documents more effective in the detention, deterrence and control of fraud and corruption. As a result, the Bank can now cancel part of a loan or all of the loan if corruption is proven, and any firm proven to be involved in fraud or corruption practices can be sanctioned by having its participation in Bank-funded projects prohibited for a period of time decided by the Bank. These clauses have been incorporated into the Bank's standard bidding documents for use by borrowers. Over the past two years, about 30 tendering processes have been cancelled by the Bank, and in all these cases the borrowers concerned have been required to re-tender. ... The Bank will continue to support programmes and policies aimed at the detention and deterrence of fraud and corruption through reform and promotion of transparency and accountability in the overall management of public resources.

European Free Trade Association (EFTA)

The implementation of [General Assembly] resolutions [53/176 and 54/205] falls within the competence of the EFTA member States. EFTA as an organization is committed to promoting free trade and is not actively involved in any concrete action to combat corruption and bribery or other illegal practices. Nevertheless, the EFTA secretariat holds the view that by promoting trade based on multilaterally recognized trading disciplines and principles such as transparency, non-discrimination and respect of the rule of law, the Association indirectly also contributes towards the same objective.

International Monetary Fund (IMF)

The International Monetary Fund's Executive Board has adopted a specific policy on governance which can be found on its web site at http://www.imf.org/external/pubs/ft/exrp/govern/govindex.htm. While the Fund's Board does not have a specific policy with respect to money-laundering, ... the Fund has recognized that the implications of corruption and money-laundering raise important issues for the credibility and effectiveness of the IMF programmes and considers these matters in the context of article IV on consultations, access to Fund resources, and technical assistance. The Fund supports strong internal financial controls, supervision and regulation of domestic financial institutions and offshore banking centres, which include measures to deter money-laundering. In addition, the Fund is continuing to review its own procedures to identify ways in which it can play a positive role in reducing the adverse effects of corruption and money-laundering, especially with respect to strengthening safeguards on the use of its funds.

The Fund's work on the fight against corruption and bribery have two major components. First, the Fund staff has undertaken a number of research projects, which have sought to identify the causes and the economic consequences of corruption, especially in the form of money-laundering and illegal transfers. ... Secondly, the Fund has developed various codes of good conduct and has called for their adoption by member countries. The codes include the Code of Good Practices on Fiscal Transparency and the Code of Good Practices on Transparency in Monetary and Financial Matters. The Fund has also been involved through its work on financial sectors in efforts to assess compliance with the Basel Core Principles of Effective Banking Supervision. Implementation of and experience with the relevant codes is often discussed as part of the Fund's annual surveillance exercise with each member country. ... In general, when effectively implemented, the various codes curb the potential for corruption.

International Trade Centre (ITC)

[General Assembly] resolutions [53/176 and 54/205] fall outside ITC's mandate. However, ... ITC implements a programme for capacity-building in international purchasing and supply management which involves, inter alia, technical assistance in public procurement. At the request of developing countries and economies in transition, and subject to funding, ITC provides assistance in developing more efficient and transparent public procurement systems. ITC's recent activities at the regional level included two

conferences in public procurement reform (for African countries in December 1998, and for Maghreb countries in February 2000) which outlined initiatives relating to transparency and the fight against corruption.

Latin American Integration Association (ALADI)

To date, two additional Protocols have been signed relating to the prevention and fight against illicit customs transactions namely:

(a) Twenty-first Protocol annexed to the Agreement of Partial Scope on Economic Complementation No. 18 (AAP.CE 18.21), signed between the Governments of Argentina, Brazil, Paraguay and Uruguay, on 5 March 1998;

(b) Twenty-third Protocol annexed to the Agreement on Economic Complementation No. 35, signed between the Governments of the member States of MERCOSUR and of Chile, on 14 December 1999.

Organisation for Economic Cooperation and Development (OECD)

In recent years, the issue of corruption has risen to high priority among OECD member Governments, both in their relations with each other and with non-members. ... The fulcrum of the OECD anti-corruption effort is the Convention on Combating Bribery of Foreign Officials in International Business Transactions. Agreed in 1997, it came into force in February 1999 in all 29 OECD countries and in five non-members. It is open to accession by all others. ...

The Convention provides a clear definition of bribery, requires countries to pass legislation to make such bribery a criminal offence, and provides for mutual legal assistance. Also it encourages coordination between signatories through the OECD Working Group on Bribery ... and calls on them to carry out a programme to monitor and fully implement the Convention.

The Convention is reinforced by the 1997 Revised Recommendation of the OECD Council, ... including the following measures:

(a) In public procurement through international transactions, companies should be required to maintain adequate accounting records, adopt internal controls, and undergo external audits;

(b) The Revised Recommendation urges prompt implementation of the 1996 Recommendation on Tax Deductibility of Bribes to Foreign Officials. This calls for countries to disallow such deductibility. ... ;

(c) It restates an earlier Recommendation to Combat Corruption in Aid-Funded Procurement, which calls on countries to require anti-corruption provisions in bilateral aid-funded procurement.

... As part of the implementation of the OECD Council Recommendation on Improving Ethical Conduct in the Public Service (1998), the Organization's Public Management Service launched a survey in the summer of 1999 on managing ethics in the public service of its member countries.

... The OECD also assists the Governments of 13 Central and Eastern European countries to improve governance through the SIGMA Programme. ...

... The Development Assistance Committee (DAC) adopted a Recommendation in 1996 to tackle corruption related to the procurement of goods and services funded by official development assistance. All DAC members subsequently introduced or strengthened measures in this connection. ...

... OECD is currently revising the 1976 Guidelines for Multinational Enterprises, ... including those in the area of integrity.

... The OECD Principles of Corporate Governance ... include provisions for improving accounting and transparency, so as to encourage integrity. ...

... The OECD Secretary-General recently stated publicly that the Bribery Convention (now limited to Governments) might be expanded to include bribery in the private sector.

... The OECD work on taxation helps combat corruption, especially the work on tax havens and on the appropriate rules for apportioning income among countries in intercorporate transfer pricing.

... The OECD Development Centre ... recently completed political/economic analyses of corruption in Benin, Bolivia, Morocco, Pakistan and the Philippines.

... The Financial Action Task Force on Money Laundering ... is directly concerned with corruption that may be hidden through money-laundering operations.

... To contribute to the implementation of the Anti-Corruption Compact for South-eastern Europe (SEE), OECD was invited to act as the Secretariat of the Stability Pact Anti-Corruption Initiative ...

... The Anti-Corruption Network for Transition Economies ... was launched in October 1998, as a forum for governmental, private sector, and international organizations and non-governmental organizations working in Eastern Europe and the former Soviet Union.

United Nations Secretariat, Department of Economic and Social Affairs

In the Department of Economic and Social Affairs, the Division for Public Economics and Public Administration has been fulfilling paragraph 5 of General Assembly 53/176 ... under its mandate to assist member States in strengthening their public administration and finance, which includes promoting accountability, transparency, professionalism and ethics to counter and prevent corruption. ...

Among its main activities in this area are two major initiatives in Africa:

(a) A regional public service charter and code of conduct ... The draft charter and code will be submitted to the Third Pan-African Conference of Civil Service Ministers for adoption. Once adopted, the charter and code will serve as a reference tool for the countries in introducing or improving their public service charters and codes. These activities should assist in setting standards and implementing them to prevent public officials from soliciting bribes and engaging in other forms of corruption;

(b) A comparative Study on Public Service Ethics in Africa, sponsored by UNDP Africa, ... focuses on Cameroon, Gabon, Ghana, Kenya, Madagascar, Namibia, Nigeria, Senegal, South Africa and Uganda. ... The study also assists Governments, their development partners, and the general public to identify priority anti-corruption areas for intervention and financing. ... A final report will be made available in electronic, user-friendly format on an Internet site for wide and easy dissemination. In addition, a comprehensive database of raw data will be available upon request. At the national level, country reports will also be circulated to contribute to any ongoing anti-corruption policy dialogues that takes place.

United Nations Development Programme (UNDP)

UNDP addressed the issue of corruption as a problem of good governance in response to General Assembly resolution 51/59, adopted on 28 January 1997. Since then, minimizing corruption has been considered critical in achieving UNDP's overall goal of poverty alleviation and promoting social and people-centred sustainable development ...

In its lead role in the aid coordination processes, UNDP advocates its approaches, shapes policy and helps mobilize resources for national programmes that improve integrity in governance. UNDP's approach is flexible and carefully considers different country needs and priorities and ensures that responsibilities are clearly defined.

At the global level, the Management Development and Governance Division spearheads UNDP's anti-corruption efforts ... under the Programme for Accountability and Transparency (PACT). PACT aims to build and strengthen capacities to improve accountability and transparency through two main components: financial management and accountability systems; and integrity improvement (anti-corruption) initiatives. The [latter] focuses on three critical areas — facilitating coordination and dialogue, building partnerships, and strengthening capacities at the national level — to develop comprehensive anti-corruption strategies.

... One of the major components of UNDP's support for the fight against corruption in the past year has been its substantial contribution to the organization and conduct of the ninth International Anti-Corruption Conference held in Durban, South Africa, in October 1999. One of the concrete results from the Conference was the promulgation, by the 1,500 or so participants, of the Durban Commitment which identified specific action by key sectors in the fight against corruption. In the areas of corrupt practices and the illegal transfer of funds, actions by the international banking community

in the control of money-laundering and the consequent facilitation of repatriation of funds were cited as key areas for follow-up. The relevant text from the Durban Commitment is quoted below:

Banking community

We will encourage members of the banking community and others to create responses (including enforceable international obligations) which will record transactions effectively, curb the levels of money-laundering and which will facilitate the return to developing countries of moneys looted by their leaders. We find it wholly unacceptable that the moneys should be invested in institutions in the developed world for the benefit of a corrupt few when they are desperately needed by their rightful owners in the South for the benefit of all.

The World Bank

The Bank is committed to addressing the problem of corruption, both as a development issue in our client countries and from a fiduciary standpoint in Bank-financed projects. ...

... The Bank's long-standing efforts to build a framework of integrity around its operations reached a watershed in September 1997, when the Bank's Board of Executive Directors endorsed an anti-corruption strategy that lays out action in four key areas:

(a) The Bank will make every effort to prevent fraud and corruption in the projects and programmes it finances;

(b) The Bank will assist countries that ask for help in curbing corruption;

(c) The Bank will mainstream its concern for corruption directly into its country analysis and lending decisions;

(d) The Bank will contribute to international efforts to fight corruption.

... To bolster its efforts, the Bank developed a broad Anti-corruption Action Plan in [fiscal year] FY99 ... The Anti-corruption Action Plan for FY2000 ... calls for further broadening and deepening of the approach initiated in 1997 and a heightened focus on implementation and on-the-ground results. ...

Minimizing fraud and corruption in Bank-supported projects

In order to strengthen its overall control capacity, in 1997 the Bank adopted the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a state-of-the-art approach to internal controls now used widely by leading financial institutions. Also in 1997, the Bank evaluated its fiduciary controls of Bank-financed projects and identified the need to strengthen its ability to supervise the fiduciary aspects of Bank loans ... As part of the loan approval process, the Bank has:

(a) Improved and tightened the way it assesses borrower procurement and financial management capacity and corruption risks;

(b) Intensified supervision of smaller procurement contracts through special ex-post audits conducted by specialized firms on behalf of the Bank. Twenty-six specialized audits were completed resulting in 22 instances of misprocurement with a total contract value of $37 million;

(c) Added new anti-corruption provisions to the procurement guidelines;

(d) Significantly increased the number of financial management and procurement staff ...

... To help compensate for the increased risks from the changing nature of Bank-financed projects, the Bank has strengthened its financial management of Bank-financed projects ...

... In May 1998 an oversight Committee on Fraud and Corruption was established, with responsibility for investigating allegations of corruption involving Bank staff within the Bank or in connection with Bank-financed contracts. ...

Helping countries that request assistance

... Recent projects aimed at addressing corruption concerns have included, for example, support to tax administration in Latvia and Thailand; judicial reform in Albania, Guatemala and Morocco; administrative and civil service reform in Bolivia, Ghana, Latvia, and the United Republic of Tanzania, and regulatory reform in Georgia.

... Many countries — including Albania, Benin, Bolivia, Bosnia, Colombia, Ecuador, Ethiopia, Georgia, Guatemala, Indonesia, Latvia, Morocco, Nicaragua,

Paraguay, Philippines, Slovakia, United Republic of Tanzania, Thailand, Uganda, and Yemen — have come to the Bank with explicit requests for assistance.

... To help build commitment among its borrowers, the Bank's in-country operational work often starts with in-depth empirical survey work to help diagnose the extent and nature of the problems and raise public awareness. For example, a recent study of the ECA region, "Anti-corruption in transition: Unbunding the problem of State capture", provides in-depth empirical analysis of corruption patterns, based on firm-level surveys, and suggests various approaches to reform, depending on a country's particular situation ... bringing together public officials (including parliamentarians), the private sector, and civil society to develop anti-corruption strategies. ...

... Knowledge-sharing is another vital component of the Bank's assistance to countries in fighting corruption. By conducting seminars in more than 35 countries, the World Bank Institute (WBI) has been helping expand participatory dialogue among all segments of society, including parliamentarians, government officials, judges, auditors general, the media, and local non-governmental organizations. WBI has also conducted more than 40 training courses and workshops in investigative journalism and parliamentary oversight ... Particularly noteworthy is the innovative "core course" in controlling corruption that was piloted in FY99 with officials and representatives from seven African countries. Using traditional and distance-learning techniques, this course resulted in the development or revision of national anti-corruption strategies in the countries concerned. Building on this success, the core course will be replicated in Latin America and Francophone Africa in FY01. ... The Bank shares its knowledge with other partners through an external anti-corruption web site; by partnering with international organizations such as the OECD, UNDP, the Regional Multilateral Development Banks, and the Commonwealth Parliamentary Association; by sharing information and ideas with non-governmental organizations such as Transparency International ...

Mainstream corruption considerations into the Bank's operational work

... The Bank now explicitly considers in its lending decisions the extent to which the quality of governance and the magnitude of corruption affect a borrowing country's economy. ... The Bank Development Research Group has devoted significant resources to research on corruption issues and has added to a growing body of analytical work worldwide that clearly shows the strong links between governance and poverty. ...

Supporting international efforts to address corruption

There is now much better coordination among the international financial institutions and more sharing of information on all aspects of corruption. For example, the five largest multilateral development banks have established a joint working group to help coordinate policies and share information. ... Finally, the Bank has observer status on the International Group of Experts on Corruption which Interpol organizes to assess linkages between corruption, money-laundering, and crime. ... The Bank also works closely with a number of non-governmental organizations ... to develop a better understanding of how corruption undermines development and to improve its strategy of fighting corruption at its source.

The progress which the Bank has made since 1997 on anti-corruption and governance was recently summarized in a report entitled *Helping Countries Combat Corruption: Progress at the World Bank Since 1997*, which is scheduled for publication in August 2000. ...

World Customs Organization (WCO)

The WCO Council adopted the Declaration on Integrity in Customs at its annual session held in Arusha, United Republic of Tanzania, in June 1993. The Declaration contains 12 concrete recommendations for use by customs administrations in order to improve their integrity.

WCO hosted the open international Forum on Integrity in Customs in April 1998. ... The Forum made a series of recommendations to the WCO Council on possible future actions. Based on [these] recommendations ... the WCO Council established an Integrity Working Group in June 1998 with the task of developing a draft for a WCO Integrity Action Plan. The Group ... fulfilled its mandate. It is now suggested that the Council establish a WCO integrity

subcommittee supervised by the Permanent Technical Committee.

The WCO Council adopted the WCO Integrity Action Plan in June 1999. The Action Plan envisaged, among other things, plans to:

(a) Study and analyse existing models and best practices;

(b) Develop study papers on the measurement of customs efficiency and performance in the area of integrity, through self and mutual assessment;

(c) Strengthen the focus on integrity on WCO products and technical assistance programmes;

(d) Help members to develop their own integrity strategies;

(e) Work through the WCO regional structures and cooperate with the business.

At its last session, in March 2000, the WCO Integrity Working Group adopted the Model Code of Ethics and Conduct, for use by the member customs administrations.

The WCO secretariat, in cooperation with members, has developed the content of a standard customs integrity workshop. The main objective of the workshop is to assist members in the development of ... a national customs integrity action plan. Since December 1998 the workshop has been implemented in the Czech Republic, India, Sri Lanka, Viet Nam and Zambia. The workshop was conducted on a regional basis in eastern and southern Africa and in the Asia/Pacific regions of WCO.

World Trade Organization (WTO)

The overall function of WTO in establishing a rules-based trading system makes an important contribution to the fight against corruption and bribery. The system ... is predicated on the operation of the rule of law at the national level in respect of the conditions established for the conduct of international trade. For example, article X of the General Agreement on Tariffs and Trade (GATT) requires the prompt publication of all laws, regulations, judicial decisions and administrative rulings that pertain to international trade in such a manner as to enable Governments and traders to become acquainted with them ... Where trade measures entailing administrative discretion are allowed, considerable emphasis is placed on procedural safeguards and transparency, as, for example, in the Agreements on Import Licensing Procedures, Customs Valuation, Preshipment Inspection and the Agreements regulating the imposition of anti-dumping and countervailing duties. ...

Although there is no specific reference to corruption and bribery in the mandate of the Working Group on Transparency in Government Procurement, its work is generally considered to be relevant to the fight against corruption and bribery. ... Since its establishment, the Working Group has carried out an extensive study of transparency in government procurement. ... It has also debated and received proposals for the elements that might form part of a multilateral agreement in the area ...

A plurilateral Agreement on Government Procurement, which already exists with 26 members, is also relevant to the fight against bribery and corruption.

IV. Non-governmental organizations

International Association of European Average Adjusters (AIDE)

Continuous attention is given by the International Association of European Average Adjusters to action against corruption and bribery in international commercial transactions and to the prevention of corrupt practices and illegal transfer of funds. Indeed, the objects of AIDE, as defined in article 1 of its Statutes are: study and unification of the laws, rules, usages and customs of general average; the promotion of the profession; the keeping of good professional traditions.

Moreover, article 5 of AIDE's Statutes concerning the dismissal of members provides that, in the countries where there is a national association, the dismissal of members from that association results automatically in dismissal as members of the International Association. In the countries where legal provisions or regulations ordered by the competent authorities govern the practising of the profession, the withdrawal of the qualification decided by the competent authorities results automatically in dismissal as members of the International Association.

International Chamber of Commerce (ICC)

ICC's efforts to combat extortion and bribery in international business transactions began in 1975, the year in which the General Assembly condemned all corrupt practices, including bribery in international business transactions in its resolution 3514 (XXX). ...

... The Shawcross Committee issued a groundbreaking report in 1977, which called for complementary and mutually supportive action on three fronts: an international treaty to be drawn up by the United Nations, proposals for actions by national Governments, and rules of conduct to serve as a basis for corporate self-regulation. Subsequently, ... the Committee drafted ICC Rules of Conduct to Combat Extortion and Bribery in International Business Transactions. ... In 1996, following a wave of new scandals, an ICC special committee ... issued an update of the ICC report. Building on the 1977 version, it once again called for a combination of governmental and private action, with particular emphasis on cooperation with OECD. In 1999, the ICC Rules were revised to take account of a spate of international initiatives to fight corruption, most notably the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

The new ICC rules go further than the OECD Convention ... The ICC Rules prohibit both extortion and bribery for any purpose. Indeed, they not only address the bribery of foreign officials but also of commercial "private-to-private" bribery. They urge Governments to regulate political contributions by enterprises and to ensure that they are publicly recorded. They place new emphasis on mechanisms within companies to enforce corporate codes of conduct. ...

To help companies translate the Rules into effective measures against bribery, in 1999 ICC produced *Fighting Bribery: A Corporate Practices Manual*.

In light of a wave of privatization in many parts of the world, including most recently in Africa, the ICC Standing Committee on Extortion and Bribery has undertaken a major study on commercial bribery. The overall objective is to find the right combination of corporate self-regulation, civil suits and criminal prosecution, as well as of national and international initiatives to combat corruption and bribery.

International Organization for Standardization (ISO)

International standards as a whole are used to set criteria for manufacturing, trade and public procurement. ISO has published, to date, more than 12,500 international standards in all fields used worldwide. More especially, ISO has published a Series of Quality Management Standards: ISO 9000, which are now applied in companies worldwide. The use of ISO standards for international commercial transactions can help to eliminate or reduce corruption and bribery, since they provide appropriate criteria for concluding contracts, exchange of goods and tendering and conformity assessment, for public procurement.

Since 1987, the ISO programme for developing countries and territories has been organizing awareness-raising, implementation seminars and auditor training seminars on standards, conformity assessment and quality management systems and ISO 9000. They have taken place in Argentina, Armenia, Barbados, Botswana, Brazil, Chile, China, Costa Rica, Cuba, Egypt, Ethiopia, Guinea, Ivory Coast, Jamaica, Jordan, Kenya, Lebanon, Malawi, Malaysia, Mozambique, Palestine, Saudi Arabia, Singapore, Syrian Arab Republic, United Republic of Tanzania, Thailand, Trinidad and Tobago, Tunisia, Uganda, Uruguay, Venezuela and Zimbabwe, with a total of some 4,000 participants.

International Ship Suppliers Association

As far as the International Ship Suppliers Association (ISSA) is concerned, all its members (currently 1,888 in 81 countries) are bound to comply with the ISSA Code of Ethics which properly addresses the concerns raised in the two General Assembly resolutions. ... The Code has been in effect since 1977.

Transparency International (TI)

Since the adoption of General Assembly resolutions 53/176 and 54/205, international efforts against corruption have gained momentum

considerably. The issue is now on the agenda of almost all intergovernmental organizations, be they regional institutions, multilateral financial institutions, or development oriented. ...

Transparency International has successfully fought the taboo that still surrounded corruption and has undertaken systematic lobbying efforts to ensure that international organizations understand and appreciate the importance of the corruption issue and integrate concrete anti-corruption action into their programmes.

At the same time, TI has undertaken a broad range of activities to sensitize the general public of the devastating effects of corruption and to call attention to the responsibility of Governments in both North and South to fight corruption more intensively. The publication of the *Corruption Perceptions Index* (http://www.transparency.org/documents/cpi/index.html) and of the *Bribe Payers Survey* (http://www.transparency.org/documents/cpi/bps.html) has been particularly useful, underscoring the fact that in all regions Governments and the private sector still need to intensify their efforts against corruption.

In particular, TI has lobbied for the swift and effective implementation of international agreements. Among them the following can be regarded as the most important and most tangible legal instruments in the fight against transnational corruption:

(a) The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;

(b) The Inter-American Convention Against Corruption of the OAS;

(c) The Council of Europe Civil and Criminal Law Conventions Against Corruption.

Considerable progress has been made since the first two Conventions were signed and opened for ratification. However, TI's network of national chapters — currently existing in more than 75 countries worldwide — is still urging the Governments of all OAS, OECD and Council of Europe member countries to ensure that the Conventions are duly implemented.

Throughout the member States of OECD, in particular, TI is working with the private sector to inform it about the provisions of the OECD Convention and to urge it to introduce corporate compliance programmes.

The ninth International Anti-Corruption Conference, held in Durban in October 1999, was a clear manifestation of the new international consensus that had emerged on many aspects of the fight against corruption. One of the key demands expressed by more than 1,400 participants from some 100 countries was the certainty that well-functioning international mechanisms would be established to ensure that illegally acquired funds could be retrieved and returned to their countries of origin. Taking up this demand, TI has secured the political support of the Commission of the European Union to adopt relevant measures in all EU member States.

United Nations A/55/406–S/2000/892

General Assembly
Security Council

Distr.: General
22 September 2000

Original: English

General Assembly
Fifty-fifth session
Agenda item 67 (b)
Maintenance of international security: stability and development of South-Eastern Europe

Security Council
Fifty-fifth year

Letter dated 21 September 2000 from the Permanent Representative of Croatia to the United Nations addressed to the Secretary-General

Upon the instructions of my Government, I have the honour to forward herewith the Zagreb Declaration, adopted by the Parliamentary Summit of the countries participating in the Stability Pact for South-Eastern Europe, held from 11 to 13 September 2000 in Zagreb (see annex).

I should like to request your kind assistance in circulating the present letter as a document of the General Assembly, under agenda item 67 (b), and of the Security Council.

(*Signed*) Ivan **Šimonović**
Permanent Representative of the Republic of Croatia

00-65401 (E) 280900

Annex to the letter dated 21 September 2000 from the Permanent Representative of Croatia addressed to the Secretary-General

Zagreb Declaration

1. We, the participants of this Summit, welcome the organisation of the conference of parliament speakers and presidents of all Stability Pact subjects by the Croatian National Parliament – Hrvatski drzavni sabor, at a time when significant democratic changes are taking place in Croatia. These developments should be strengthened by further concrete actions within the context of the Stability Pact.

2. One year after the Sarajevo Summit Declaration of the Heads of State and Government, we on our part are determined to provide continued support to the Stability Pact process. We commit ourselves to expanding parliamentary cooperation and working with respective executive branches, civil society institutions and the public at large in our countries in promoting the use of the Pact to achieve long-term stability of the European continent.

3. Parliamentarians in every democracy have a decisive influence on the overall democratic processes. We note that this Summit is held at a moment of global parliamentary efforts, such as the United Nations Millennium Assembly. In addition, other relevant parliamentary fora, including the European Parliament, the Parliamentary Assemblies of the Council of Europe, Organisation for Security and Co-operation in Europe (OSCE), North Atlantic Treaty Organization (NATO), West European Union (WEU) all aspire to address the main challenges facing our world community. Security and prosperity of the global community depends on the security and prosperity of individual regions and countries. It is imperative to resolve problems in that part of the European continent, which in the last decade has witnessed a level of human suffering that should be unacceptable in the world today.

4. We endorse the goal of those countries of South Eastern Europe who wish to do so, to become fully integrated into European and Euro-Atlantic structures, and believe that the Stability Pact and the implementation of its objectives within such a regional framework will significantly contribute to the process of the creation of an undivided Europe of secure, economically prosperous democracies, which is the ultimate goal of the Stability Pact.

5. Therefore, we affirm the importance of the provisions of Article 8 of the Cologne Document, which clearly sets out the parameters for the integration of South Eastern European countries into the European Union on an individual basis and their commitment to continued democratic and economic reforms, as well as bilateral and regional cooperation among themselves. In this context we welcome the progress achieved by the countries in the region in developing institutionalised relations with the European Union and look forward to the early conclusion of the Stabilisation and Association Agreements. The Decision of the European Council in Santa Maria da Feira which stated that all countries included in the Stabilisation and Association Process are potential candidates for European Union membership is particularly important.

6. We encourage the countries of the region to use and realise the full potential of the Stability Pact process as they advance towards European integration. We further call on all Stability Pact subjects, particularly in South Eastern Europe, to establish a true partnership with other Stability Pact participants, facilitators and observers.

7. We note the high expectations of the peoples and governments in the region for the implementation of the Stability Pact, particularly in important areas such as the development of transport infrastructure, communications, energy supplies and waterways, in particular the Danube waterway, as well as creating a favourable foreign investment climate and enhancing regional trade liberalisation. Those are essential for the economic development of the countries concerned and of South Eastern Europe as a whole. We stress that any efforts in the field of economy would be incomplete without similar progress in building a society based on democratic values, the rule of law, respect for human rights, including those of members of national minorities, cultural diversity and tolerance. Education and cultural co-operation are powerful means of creating a climate of tolerance and mutual understanding. Competent parliaments are encouraged to commit themselves to fostering dialogue with and among schools and universities in their countries to promote educational projects in the field of history and related subject matters, also by an appropriate use of IT resources. We note that the Stability Pact is a two way street and encourage our governments to intensify efforts towards reform to strengthen open democracies, viable market economies and social stability within the region.

8. We underline the importance of the regional refugee return programme as the prerequisite for long term stability. This requires political will and financial commitment by all concerned if the regional return process is to succeed.

9. It is essential to implement the Quick Start Package in a timely manner, as agreed during the Regional Funding Conference for South Eastern Europe held in Brussels, March 29-30, 2000. This would significantly strengthen the entire process, which has so far received important international political support.

10. We encourage the active interest, support and participation of parliamentary institutions in the Stability Pact and the achievement of its objectives. The work of national parliaments, the European Parliament, the Parliamentary Assemblies of the Council of Europe, OSCE, NATO, WEU and the parliamentary dimension of Central European Initiative (CEI) and Black Sea Economic Co-operation (BSEC) should actively promote Stability Pact goals. In this context, we appreciate the activities of the South-East European Co-operation Process (SEECP) which has been developing into an important co-operation initiative of the participating countries in the region with potential to promote good-neighbourly relations, co-operation, peace and stability in South Eastern Europe.

11. The situation in the Federal Republic of Yugoslavia (FRY) continues to cause serious concern, in particular to its neighbouring countries, but also to the international community. We confirm the validity of the provisions of the Cologne Document concerning the FRY participation in the Stability Pact, as stated in its Article 11. A democratic FRY will be welcome to join the Stability Pact process. Therefore, we express our strong support to all democratic forces in the FRY. In particular, we support the involvement of the democratic forces in the activities of the Stability Pact, including the Szeged Process. In this context we support the democratically elected government in Montenegro in its efforts to promote democracy, peace and stability in the region. We reaffirm our commitment to the full implementation of the UN Security Council Resolution 1244 and urge all in Kosovo to refrain from violence and to help build a democratic and multi-ethnic society where human rights, including those of members of national minorities, are respected.

12. We note the important work carried out so far on encouraging the parliamentary cooperation in the context of the Stability Pact. We also note the Final Declaration from the Parliamentary Assembly of the Council of Europe adopted at the Conference on the Parliamentary Contributions to the Implementation of the Stability Pact for South Eastern Europe (Sofia, November 26, 1999). The "Charter on Good-Neighbourly Relations, Stability, Security and Co-operation in South-Eastern Europe" adopted last February in Bucharest by Heads of State/Government of the SEECP countries, constitutes a major contribution to the strengthening of co-operation and stability in the region. The Action Plan, elaborated by the International Institute for Democracy, as adopted by the Chairmen of Parliamentary Foreign Affairs Committees in Ohrid in April 1999, is an important mechanism for providing both members and parliamentary staff information, knowledge and skills on topics relevant to their work and enhancing multilateral co-operation between the parliaments, in particular young members of parliament and women parliamentarians.

13. It is also important that multilateral meetings among the parliaments concerned take place at regular intervals with the aim of exchanging experiences on the implementation and setting priorities in the region. The European Parliament and national parliaments of the European Union member states need to continue holding debates on the implementation of the Stability Pact in order to ensure timely spending and proper use of financial resources made available for the countries of South Eastern Europe. The parliaments in the countries of South Eastern Europe should consider establishing appropriate parliamentary sub-committees for the Stability Pact. In order to enhance the effectiveness of the Stability Pact the parliaments should provide all necessary tools for the simplification of legislation and the fight against corruption, organised crime and international terrorism.

14. Parliaments are invited to play a role in identifying the criteria for selecting priorities, fostering inter-institutional co-ordination and monitoring progress in projects not only by performing an effective control function but also by providing guidance for their respective executive bodies.

15. We, the parliamentarians, support our national governments in the implementation of the Stability Pact objectives. Only policies based on a clear vision of the future can bring democratic prosperity for Southeast Europe and beyond. At the dawn of the third millennium we gather our voices in advocating the leadership that will make the idea of an undivided and free greater Europe from the Atlantic to the Urals a reality for every citizen of Europe.

Addendum to the Declaration

The parliamentary delegations of Denmark, Finland, Norway and Sweden confirm their support to the Stability Pact for South Eastern Europe and express their readiness to fully participate in the activities leading to its implementation. Due to constitutional/institutional practice of their countries, these delegations are not considered to be party to the Zagreb Declaration as adopted by the Parliamentary Summit.

United Nations A/55/407

General Assembly

Distr.: General
21 September 2000

Original: English

Fifty-fifth session
Agenda item 99
Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006)

Report of the Secretary-General*

Summary

The present report responds to General Assembly resolution 54/232 of 22 December 1999 in which the Assembly requested the Secretary-General to report to it at its fifty-fifth session on the progress made in the implementation of measures, recommendations and activities relating to the first United Nations Decade for the Eradication of Poverty, including an examination of the impact of globalization on the eradication of poverty. This report focuses on progress achieved in global poverty reduction since the World Summit for Social Development, highlighting the need for more concerted and sustained efforts .o eradicate poverty. The theme "Globalization and the eradication of poverty" is also addressed, with particular reference to the impact of globalization on the least developed countries which have so far not been able to take advantage of the opportunities offered by globalization. The report outlines a range of possible actions, policies and measures that may be undertaken both at the national and at the international level to enable developing countries to better benefit from globalization. The report concludes with a summary of coordination at the intergovernmental level and activities of the United Nations system in support of national efforts to eradicate poverty.

* The footnote requested by the General Assembly in resolution 54/248 was not included in the submission.

00-65638 (E) 201000

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I. Introduction

1. The present report responds to General Assembly resolution 54/232 of 22 December 1999 in which the Assembly requested the Secretary-General to report to it at its fifty-fifth session on the progress made in the implementation of measures, recommendations and activities relating to the first United Nations Decade for the Eradication of Poverty, including an examination of the impact of globalization on the eradication of poverty. In section II, the report focuses on progress achieved in global poverty reduction since the World Summit for Social Development, and highlights the need for more concerted and sustained efforts by all concerned in the eradication of poverty. The theme "Globalization and the eradication of poverty" is addressed in section III, with particular reference to the impact of globalization on the least developed countries which have so far not been able to take advantage of the opportunities offered by globalization. Section IV of the report outlines a range of possible actions, policies and measures that may be taken both at the national and at the international level to enable developing countries to better benefit from globalization. Finally, section V concludes with a summary of coordination at the intergovernmental level and activities of the United Nations system in support of national efforts to eradicate poverty. In view of the brief period between the twenty-fourth special session of the Assembly, which took note of the activities of the United Nations programmes, funds and specialized agencies, including the Bretton Woods institutions, as extensively reported in the Secretary-General's comprehensive report on the implementation of the outcome of the World Summit (A/AC.253/13-E/CN.5/2000/2), and the submission of this report, the review of progress set out in section V draws largely on the activities of the Administrative Committee on Coordination (ACC), the United Nations Secretariat and the regional commissions.

II. Poverty eradication in the new millennium

A. Overview of trends and patterns in global poverty

2. Since the World Summit for Social Development, many Governments have set national poverty reduction targets and formulated or refined poverty eradication plans and strategies. Yet, the five-year review and appraisal of the outcome of the World Summit for Social Development revealed that poverty reduction performance had been mixed. This finding was also confirmed by recent World Bank data (see table). Overall, while the share of population and the number of people living on less than a dollar a day declined substantially in the mid-1990s, the global financial crisis led to an increase in that number in the late 1990s, despite a decline in the share of population living in poverty. Globally, the declines in the numbers are largely due to a reduction in the number of poor people in East Asia, most notably in China. However, even in this region, progress was partly reversed by the crisis, and stalled in China. In South Asia, the share of the population living in poverty did decline moderately through the 1990s but the actual numbers of poor people in the region in 1998 is estimated to have been larger than in 1987. In sub-Saharan Africa, the share has declined but the numbers in poverty increased through the 1990s. In Latin America, although the share of poor people remained roughly constant over the period, the numbers living in poverty increased. In the countries with economies in transition, both the share and the numbers in poverty have increased sharply.[1]

3. Social indicators have generally been improving over the last three decades. Many countries have achieved improvements in literacy, life expectancy, school enrolment and availability of basic social services, and have enhanced social protection systems and reduced infant mortality. However, progress has been uneven, revealing continuing disparities in access to basic social services, including a lack of access to education. Social indicators for the poor remain systematically worse than those for the better off.[2]

4. At present, more than 110 million primary-school-age children in developing countries do not attend school, and for those who are in school, the quality of education they receive remains an important issue. Within countries, there is often a large gap between the educational attainment of the rich and that of the poor, and in many countries, children from the poorest households have no schooling. While countries in East Asia and the Pacific have achieved enrolment rates equivalent to those of developed countries, almost one third of school-age children in Africa are still without access to any form of education. In South Asia,

Population living on less than $1 per day and headcount index in developing and transitional economies, selected years, 1987-1998

	Number of people living on less than $1 a day (millions)				
Region	*1987*	*1990*	*1993*	*1996*	*1998[a]*
East Asia and the Pacific	417.5	452.4	431.9	265.1	278.3
(excluding China)	(114.1)	(92.0)	(83.5)	(55.1)	(65.1)
Eastern Europe and Central Asia	1.1	7.1	18.3	23.8	24.0
Latin America and the Caribbean	63.7	73.8	70.8	76.0	78.2
Middle East and North Africa	9.3	5.7	5.0	5.0	5.5
South Asia	474.4	495.1	505.1	531.7	522.0
Sub-Saharan Africa	217.2	242.3	273.3	289.0	290.9
Total	**1 183.2**	**1 276.4**	**1 304.3**	**1 190.6**	**1 198.9**
(excluding China)	**(879.8)**	**(915.9)**	**(955.9)**	**(980.5)**	**(985.7)**
	Headcount index (percentage)				
Region	*1987*	*1990*	*1993*	*1996*	*1998[a]*
East Asia and the Pacific	26.6	27.6	25.2	14.9	15.3
(excluding China)	(23.9)	(18.5)	(15.9)	(10.0)	(11.3)
Eastern Europe and Central Asia	0.2	1.6	4.0	5.1	5.1
Latin America and the Caribbean	15.3	16.8	15.3	15.6	15.6
Middle East and North Africa	4.3	2.4	1.9	1.8	1.9
South Asia	44.9	44.0	42.4	42.3	40.0
Sub-Saharan Africa	46.6	47.7	49.7	48.5	46.3
Total	**28.3**	**29.0**	**28.1**	**24.5**	**24.0**
(excluding China)	**(28.5)**	**(28.1)**	**(27.7)**	**(27.0)**	**(26.2)**

Source: Based on World Bank, *Poverty Reduction and the World Bank: Progress in Fiscal 1999* (Washington, D.C., World Bank, 2000), table 1a.

[a] Estimates.

it is estimated that about one quarter of school-age children are out of primary school.[3] Substantial gender differences in educational outcomes and access still remain.[4] Adult illiteracy is still high in developing countries.

5. Progress was achieved in the area of infant mortality between 1990 and 1997 in all regions. Nevertheless, children born into poor families still have a higher chance of dying before their fifth birthday than children born into better-off families. The differences in under-five mortality rates between poor and non-poor also vary considerably across countries: for example, the rate of under-five mortality is lower among the poorest 20 per cent in Brazil than among the richest 20 per cent in Ghana and Pakistan. In addition, malnutrition indicators such as wasting, stunting, and underweight are found to be higher among the poor in almost all countries. Differences in malnutrition indicators between the poor and non-poor also vary across countries. The poor are also more affected by communicable diseases than are the rich. These differences in health outcomes reflect, among other things, differences in access to health care.

6. The rate of new human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) infection is higher in poor countries and

among the poor in these countries. Infection rates are stable or rising in most developing countries, while they are declining in the developed world. Ninety-five per cent of infected people are in the developing world and a full two thirds are in sub-Saharan Africa. AIDS deepens and spreads poverty: poor households are more adversely affected by an AIDS death of a prime-age adult than other households because they have fewer assets for coping with medical expenses and with the loss of the income and services that a prime-age adult typically provides. AIDS is also likely to increase poverty through the rise in the number of children who lose one or both parents. Lack of schooling and inadequate nutrition will make it more difficult for orphans to escape poverty. AIDS is also making it difficult to achieve the agreed infant and child mortality targets because many children are born infected: in the countries with the highest prevalence of HIV/AIDS, maintaining even current levels will be difficult.[5]

7. Average life expectancy of people in developing countries rose from 55 to 65 years between 1970 and 1997, though this is still well below the life expectancy of 78 years in the Organisation for Economic Cooperation and Development (OECD) countries in 1997. However, this improvement in life expectancy is at risk: since 1990, life expectancy has declined in 33 countries, mostly those more severely affected by the spread of AIDS.[6] A number of other fundamental indicators, including adequate calorie intake, reasonable shelter, and access to basic services, remain deeply unsatisfactory. Worldwide, it is estimated that some 250 million children are child labourers, and hundreds of thousands are used as child soldiers in armed conflicts.[7]

8. Natural disasters (including floods, droughts, tornadoes and earthquakes) in a number of countries have also contributed to increased numbers of people living in poverty. Civil war and ethnic conflict have reduced rates of economic growth and social progress, destroyed physical assets, disabled large numbers and killed many. Large populations have been displaced or driven out as refugees.

9. At the World Summit for Social Development in Copenhagen and at the Fourth World Conference on Women in Beijing, the international community recognized expressly that women and men experience poverty differently and unequally, and become impoverished through different processes and that if those differences are not taken into account, the causes of poverty cannot be understood or adequately dealt with by public actions. Persistent discrimination against women in the labour market continues to hinder women's economic empowerment.

10. Many countries continue to face intractable problems for poverty eradication. In the least developed economies, mostly in Africa, economic growth has been stagnant. In the post-socialist countries in transition from centrally planned to market economies, the universal social security schemes have broken down and no adequate arrangements have been introduced to replace them. Economic decline coupled with price inflation has thrown people into poverty on a scale not seen in these economies prior to 1989. The fight against global poverty suffered a major setback as a result of the 1997-1998 financial turmoil. Many countries, especially in South-East Asia, that had been on the verge of experiencing a turn of the tide in the fight against poverty witnessed its re-emergence along with hunger and the human suffering it brings. A strong rebound in growth in the region in 1999 has raised hopes that poverty in East Asia might resume its decline. Lack of financial resources, compounded in most cases by the worsening terms of trade and weak infrastructures and inefficient administrative systems have all undermined measures to eradicate poverty in developing countries. In some developed market economies, continuing high unemployment, increasing inequality in the distribution of income and changes in welfare policies have done very little to reduce poverty.[8]

11. The promise of poverty eradication as a result of faster growth consequent upon stabilization and structural adjustment programmes generally remains to be delivered on. Even where economic growth was sustained over the short term, there has often been no substantial increase in employment. The severity of the problem was increased in developing countries where the workforce grew owing to rapid population growth. The constraint on resources for social protection and the failure of economic growth to generate significant employment opportunities have posed dilemmas for policy-making in developing countries in respect of pitting short-term poverty alleviation priorities against investment for longer-term growth. That problem was compounded by increased claims on resources to service a burdensome foreign debt.[9]

B. Renewed commitments by the international community in the fight against poverty

12. At the twenty-fourth special session of the General Assembly held in Geneva (26-30 June 2000), Governments renewed their commitment to the full and effective implementation of the Copenhagen Declaration on Social Development[10] and Programme of Action of the World Summit for Social Development[11] at all levels. The central recommendation in the Geneva Political Declaration[12] and Further Actions and Initiatives to Implement the Commitments Made at the Summit[13] concerns the need for Governments to place poverty eradication at the centre of economic and social development and build consensus with all relevant actors at all levels on policies and strategies to reduce the proportion of people living in extreme poverty by one half by the year 2015, with a view to eradicating poverty (commitment 2). The critical role of Governments in advancing people-centred sustainable development is to be fulfilled through actions to increase equality and equity and to promote markets that function efficiently within a framework of ethical values, as well as policies to eradicate poverty, enhance productive employment, ensure universal and equal access to basic social services, ensure social protection and support for disadvantaged and vulnerable groups (commitment 1, para. 4). There is also a need for Governments that have not already done so to incorporate goals and targets for combating poverty into their national strategies for socio-economic development and to adjust their national strategies, as appropriate to the country context, by striving to establish or strengthen institutional mechanisms that ensure a multisectoral approach to poverty eradication, and by enhancing the capacity of local government to address poverty (commitment 2, para. 26).[14]

13. There is a growing convergence of opinion among Governments and key development actors, including the OECD/Development Assistance Committee (DAC) and the World Bank and the International Monetary Fund (IMF), that the eradication of extreme poverty should be a major focus of development strategies in the early decades of the twenty-first century. The decisions of the Boards of the World Bank and IMF to introduce the Poverty Reduction Strategy Paper (PRSP) as one of the prerequisites of receiving debt relief under the enhanced Heavily Indebted Poor Country (HIPC) Initiative is evidence of the commitment of the Bretton Woods institutions to poverty eradication.

14. Enhanced international cooperation is essential to implementing the Copenhagen Declaration on Social Development and Programme of Action of the World Summit for Social Development, and the Further Actions and Initiatives to Implement the Commitments Made at the Summit adopted by the General Assembly at its special session. The overarching objective of reducing by one half the proportion of people living in extreme poverty by 2015 received further endorsement by the leaders of the world at the Millennium Summit. Their United Nations Millennium Declaration (see General Assembly resolution 55/2) expresses their resolve to promote development and to achieve a number of targets in the areas of education, health, water and slums.

15. There is also an immediate need to galvanize world opinion to achieve the target in respect of the eradication of poverty by 2015 through the active mobilization of political will and resources in support of national efforts to eradicate poverty. In this connection, the General Assembly invited the Economic and Social Council to consolidate the growing initiatives and actions established in the Copenhagen Declaration and Programme of Action, the first United Nation Decade for the Eradication of Poverty (1997-2006), and the recommendations made at the special session with a view to launching a global campaign to eradicate poverty (commitment 10, para. 155). Equally important is the need to address the major challenge of globalization and its impact, particularly on the least developed countries.

III. Globalization and the eradication of poverty

A. Sharing the fruits of globalization

16. Through globalization, the world has become increasingly interdependent. The increase in trade, investment and information flows that characterize the globalization of the world economy can yield many benefits and open up many opportunities for developing countries and countries with economies in transition. However, the expectation that growth and development based on global market forces would be

more sustainable and more widely shared than in the past has not been realized. The record has been mixed: on the one hand, there are some countries — generally those with a highly educated and skilled labour force with the necessary know-how to create and use the technologies — that have successfully adapted to the changes and benefited from globalization; on the other hand, many of the poor countries that do not yet have the skills to take advantage of the opportunities offered by expanding markets remain outside this process. While domestic factors have played a role, it seems clear that the international environment has not always been conducive to their development efforts.[15]

17. The fruits of globalization have not been evenly dispersed between and within countries. The extent of inequality between countries has increased. By the late 1990s, the fifth of the world's people living in the highest-income countries accounted for 86 per cent of the world gross domestic product (GDP), 82 per cent of the world export markets, 68 per cent of foreign direct investment (FDI) and 74 per cent of the world telephone lines. In sharp contrast, the respective shares of the bottom fifth were no higher than 1.5 per cent. There is also a high degree of industrial concentration in favour of corporations of developed countries.[16]

18. One of the most critical issues facing developing countries, particularly the low-income countries in sub-Saharan Africa and South Asia, is the problem of development finance. The phenomenal surge in FDI flows which reached more than $644 billion in 1998, had fuelled the belief that the development financing needs of developing countries would be met by the more-or-less-normal functioning of the market. The reality is that FDI flows are highly concentrated, with just 20 countries receiving 83 per cent of the $177 billion going to developing middle-income countries in South-East Asia and Latin America, as well as transition economies. The 48 least developed countries (the majority of whom are in sub-Saharan Africa) attracted less than $3 billion in 1998, a mere 0.4 per cent of the total. In sharp contrast, the United States of America received roughly one third of global inflows of FDI.[17]

19. Also, although official development assistance (ODA) continues to be the largest component of external finance to low-income countries, it has fallen during the present decade. ODA flows currently represent less than 0.2 per cent of the total GNP of the DAC countries, a figure that falls far short of the United Nations target. It is therefore encouraging to note that at the special session of the General Assembly in Geneva a number of developed countries pledged to work towards reaching, within a specific time-frame, the United Nations target of 0.7 per cent of GNP of developed countries for overall ODA.

B. Globalization and poverty

20. There is no simple answer to the question whether globalization tends to cause poverty and increase inequality. Nevertheless, it is generally recognized that, if properly managed, globalization can be a potent force for growth and development. However, globalization has brought with it the risk of increased vulnerability, that is to say, the risk of being negatively affected by the shocks generated by globalization.[18] The financial crises of 1997 and 1998 illustrate that even countries that had benefited from globalization in the past, such as those in East Asia, could become vulnerable, and even more so than others. The increase in poverty and unemployment witnessed in those countries as a consequence of this vulnerability is almost as stunning as the previous growth and human development they had derived from globalization.

21. Vulnerability to economic shocks, according to the Committee for Development Policy, is primarily a consequence of microeconomic conditions, while responses to shocks involve the exercise of macroeconomic policies. The extent of vulnerability at any one time depends partly on initial conditions and partly on the policies subsequently pursued to reduce vulnerability. Governments must be prepared, through the exercise of appropriate policies at the micro- and macroeconomic levels, to reduce vulnerability and to mitigate the consequences of economic shocks. Globalization can increase vulnerability in a number of ways.

22. Trade liberalization and increased competition tend to force changes in labour markets as firms strive to maintain, or gain, competitiveness. In developing countries, trade liberalization can draw people from the informal into the formal labour market with positive effects on their incomes. Yet, this has increased the exposure of many workers, especially those with fewer skills, to external shocks. At the same time, non-standard forms of work (temporary, part-time, home-based) have increased. This can also increase the vulnerability of those involved if these forms of work

are associated with lower levels of social security coverage, and worse job security, working conditions and employment rights. Women have generally fewer skills and account for a much higher share of non-traditional workers; they are therefore even more vulnerable than men.

23. Globalization can also increase vulnerability through financial liberalization and the resulting greater integration of countries in international capital markets. The volatility of financial flows has risen owing to the heightened importance of short-term private capital movements, and sudden changes in expectations by financial market participants can lead to dramatic reversals of capital flows. This can be especially serious when the financial system is underdeveloped, poorly regulated and therefore fragile. Financial liberalization has thus contributed to the increased instability of income and employment.

24. The impact of globalization on poverty is felt particularly in the area of the employment situation, which has worsened in most countries, in some cases quite dramatically, since the Copenhagen Summit. By the end of 1999, most of the countries in South-East Asia affected by the financial crisis were showing signs of recovery in terms of their economic growth rates, but these improvements have not been sufficient to restore to their pre-crisis levels the incomes of the 15 million or so people in East Asia who had been pushed below the poverty line by the crisis. The World Bank estimates that absolute poverty may have increased by an additional 2-3 percentage points in 1998 in Indonesia and Thailand.[19] In addition to public sector lay-offs, Governments have been pressed by adjustment programmes to cut basic social services. As education, health-care and other social programme budgets are cut, not only are jobs lost directly but the future health and productivity of the workforce are undermined.

25. For most of the developing world, the promised benefit from globalization in terms of employment growth has been slight. The quality of employment generated by globalization has also been questioned. Labour standards have been eroded by increasing competition for export markets and foreign investment, and while the political influence of mobile capital has grown, that of labour has weakened owing to the denial of fundamental labour rights such as freedom of association and the right to collective bargaining. As a result of pressures to cut labour costs, precarious forms of employment and insecurity for those at work have grown in some developing countries. In the developing world, the problems of unemployment, underemployment and poverty remain severe. The majority of the labour force in most countries remain trapped in low-productivity employment that offers little relief from poverty. For the most part, the race to create a growing proportion of higher-productivity jobs for a rapidly expanding labour force is being lost. In many countries, there has, indeed, been a widening of wage and income differentials, increasing the danger of social unrest.[20]

26. In many developing countries, unskilled workers, women and immigrants have borne the brunt of the employment crisis. Governments in many countries have taken actions to control immigration and, in some cases, limit the minimum wage of migrants.[21] At the same time, there has been a significant brain drain of skilled workers from developing countries to developed countries.

27. In the industrialized countries, there have been two interrelated sources of apprehension over the impact of globalization on employment. One is the perception that the increasing of imports from low-wage countries has been destroying manufacturing jobs, especially in labour-intensive sectors, and is causing a fall in demand for unskilled labour, which in turn has caused a fall in their earnings relative to the more skilled. The other source of apprehension is the perception that the increasing of outflows of FDI to low-wage economies, driven by the attraction of lower costs, is "exporting" low-skilled jobs to low-wage countries through relocation, thereby reinforcing the effects of increasing import competition on the wages of low-skilled workers.[22]

C. Conclusions and possible avenues for action

28. A major challenge facing the world economy in the years ahead is to preserve the advantages of global markets and competition while ensuring that the benefits of globalization are more equitably distributed. It is generally recognized that if globalization is properly managed it can produce beneficial effects for the eradication of poverty; but for this to happen, certain measures both at the national and at the international level must be in place. In the Plan of Action agreed upon at the tenth session of the United

Nations Conference on Trade and Development (UNCTAD) (Bangkok, 12-19 February 2000), a number of proposals aimed at enhancing the capacity of developing countries to meet the challenges of globalization were made. These include the need to improve the overall performance of developing countries' economies by opening up market opportunities for their exports, and by promoting the transfer of information, skills and technology and increasing the financial resources available for investment in physical and intangible assets. Maximizing the benefits of globalization requires sound domestic policies supported by an enabling global environment and by international economic cooperation. It also requires that the international community address the imbalances and asymmetries in the international economy. Bilateral and multilateral efforts are also needed to safeguard vulnerable populations, especially during times of economic crisis.

29. While trade liberalization has generated export-based growth, there is still scope for future openings in many areas of export interest to developing countries. Some countries have had difficulties with respect to certain agreements owing to human, institutional and financial constraints. These problems need to be addressed so as to ensure that the multilateral trading system results in mutual benefits for all countries. Trade policy and trade liberalization should be made more consistent with overall development objectives. In developing countries, ways and means need to be sought to ensure that trade makes a more decisive contribution to alleviating poverty.

30. There is a similar need for improved policy coherence in developed countries both domestically and internationally, in particular between sectoral, tax and fiscal policies on the one hand and the objectives of their own development policies on the other; and between their own policy conduct and the policy advice extended to developing countries in the context of technical assistance. A reduction in tariff levels and a simplification of tariff structures in developed countries would help raise developing countries' exports. Subsidies can affect the relative competitive positions of countries and have a distorting effect on developing countries. Developed countries should consider the effects of their fiscal policy choices on the needs of developing countries. In addition, unilateral measures, including measures with extraterritorial effects, risk having a negative effect on efforts to move towards a truly non-discriminatory and open trading system.

31. New trading opportunities created by improved market access to developed countries within regional and multilateral agreements need to be complemented by operational programmes, technical assistance and development finance. Such measures would make preferential market access more effective, in particular with respect to the least developed countries. Concrete action should be taken so that a greater number of developing countries can benefit effectively from preferential arrangements.

32. As commodities continue to provide an important source of foreign exchange earnings for developing countries, there is a need for commodity-based diversification, and existing mechanisms for helping to stabilize commodity export earnings should be improved so as to respond to the real concerns of developing country producers. The competitiveness of developing countries in international commodity markets needs to be enhanced. Cooperative arrangements among enterprises in developing countries for improving supply reliability and quality should be considered. At the same time, market transparency and information should be improved, as should capacities of developing country enterprises to access and use information, particularly in electronic form, and training to this end should be supported.

33. In that connection, education and training can play pivotal roles in assisting countries in meeting the challenges of globalization in a manner that ensures sustained economic growth, continued job creation, reduction of vulnerabilities and inequalities, and the empowerment of women. In the era of globalized markets, training, education and skill enhancement — all of which constitute ways to improve capabilities — are integral to any programme designed to enhance competitiveness. Indeed, studies have confirmed the strong impact of training on competitiveness at the firm level. Moreover, a country's ability to attract and benefit from FDI, which may entail technology transfer, is strongly influenced by its own capabilities, of which the education and skills of its workforce are a critical component.

34. There is an urgent need to augment the human capital of the poor if they are to contribute to and benefit from globalization. Improved education is necessary to facilitate the adjustment of the poor to

liberalization policies by improving their labour mobility. The kinds of levels of education needed will depend on many factors, not least of which are the stage of development and degree of insertion in the global economy of the countries in question. Since trade-affected redundant workers in the formal sector are likely, because of their education, to find other work in the economy, attention should also be given to safety nets that are targeted at the poorest and most vulnerable of the affected poor. Governments can also foster the creation of jobs available to the poor by providing support to micro- and small-scale enterprises, including those that are linked to the export sector. Such enterprises are normally more low-skill and labour-intensive than large firms and are therefore helpful in directly reducing poverty.

35. Developing countries could derive maximum advantage from existing and potential markets, if they are assisted in upgrading and developing their services infrastructure and in securing reliable information on the extent of services trade and on market access and barriers to services trade. Developing countries also need access to modern telecommunications infrastructures and networks at low cost. Moreover, electronic commerce is a means of exporting labour-intensive services, but only if adequate access to technology is obtained.

36. To narrow the technological gap between developed and developing countries, a better understanding needs to be achieved of the various channels for transfer of technology. The twenty-fourth special session of the General Assembly in Geneva called for the transfer to developing countries and countries with economies in transition, of appropriate technology, know-how, knowledge and information, including for social development and capacity-building, complementing efforts of these countries in this regard through enhanced international cooperation, including technical cooperation and adequate financial resources (commitment 1, para. 11 (b)).

37. Of equal importance is the need to improve access for products and services of developing countries to international markets through the negotiated reduction of tariff barriers and the elimination of non-tariff barriers that hinder trade of developing countries (ibid., para. 11 (c)). Some experts have also called on rich countries to exercise restraint in the use of property rights of private ownership over human and plant genetic sequences, or basic computer codes, or chemical compounds long in use in herbal medicines. A better balance needs to be struck between the incentive for innovation on one hand, and the interests of the poor countries on the other.

38. Another issue requiring attention relates to the fact that many developing countries face problems when they try to diversify into higher value added and manufactured exports with more dynamic demand prospects. Barriers to entry in those sectors where they should have the best chance of exporting need to be addressed, such as textiles, clothing and the food industry. Market access conditions for agricultural and industrial products of export interest to the least developed countries should be improved on as broad and liberal a basis as possible, and urgent consideration should be given to the proposal for a possible commitment by developed countries to granting duty-free and quota-free market access for essentially all exports originating in least developed countries and other proposals to maximize market access for the least developed countries.

39. To prevent a recurrence of international financial crises, the special session of the General Assembly called for the strengthening of the international financial system. There is also a need to reduce the negative impact of international financial turbulence on social and economic development through: improving preventive and other measures and early warning capabilities to address the excessive volatility of short-term capital flows (ibid., para. 13 (a)); enhancing institutional capacities at the national and international levels to improve transparency of financial flows (ibid., para. 13 (b)); and developing, strengthening and enforcing regulatory frameworks for monitoring operations, to reduce the potential negative impact of financial operations. Assistance should also be given to developing countries and countries with economies in transition in strengthening their domestic capital markets and ensuring their proper regulation by the national Government.

40. The General Assembly also emphasized the need to enhance development cooperation in order to augment the productive potential of people in developing countries, and to build the capacity, inter alia, of the private sector to compete more effectively in the global market place in order to create the basis for generating greater resources for social development (ibid., para. 15). The Assembly underscored the need to encourage corporate social responsibility so that it

contributes to social development goals by: promoting increased corporate awareness of the interrelationship between social development and economic growth (ibid., para. 17 (a)); providing a legal, economic and social policy framework that is just and stable to support and stimulate private sector initiatives aimed at achieving these goals (ibid., para. 17 (b)) and enhancing partnerships with business, trade unions and civil society at the national level to support the goals of the Summit (ibid., para. 17 (c)). In January 1999, the Secretary-General launched the Global Compact which is aimed at encouraging and promoting good corporate practices and learning experiences in universally recognized labour, human rights and environmental standards. The agreement has received the support of the leaders of the leading multinational corporations, trade unions and non-governmental organizations who agreed to take up the challenge at a meeting in New York on 26 July 2000.

41. The oppressive burden of debt servicing continues to thwart the development efforts of the poor countries. At their summit in Okinawa (July 2000), the leaders of the G-7 announced that nine countries[23] had reached their decision points and that total debt relief committed to these countries would amount to more than $15 billion in nominal terms. The leaders of the G-7 also reaffirmed their commitment to providing 100 per cent debt reduction of ODA claims and announced their new commitment to granting 100 per cent debt forgiveness on eligible commercial debt owed by heavily indebted poor countries (HIPCs) that had achieved debt reduction under the initiative. Up to 11 further countries are expected to reach decision points before the end of 2000.[24] This is expected to bring total debt relief agreed under the HIPC Initiative to about $35 billion in nominal terms (about $20 billion in net present value). The G-7 welcomed the efforts being made by HIPCs to develop comprehensive and country-owned poverty reduction strategies through a participatory process involving civil society.

42. The twenty-fourth special session of the General Assembly in Geneva noted that the repeated reschedulings of the bilateral debt of HIPCs in the past had not significantly reduced the amount of outstanding debt. The Assembly called on creditor countries and institutions to take action to achieve rapid progress towards faster, broader and deeper debt relief as agreed under the enhanced HIPC Initiative, which already considers increased flexibility with regard to eligibility criteria and through other means, to help alleviate the debt burdens of those countries covered by the initiative, stressing that debt relief should contribute to development objectives, including poverty reduction. In this regard, countries were urged to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards social development (ibid., commitment 9, para. 143 (a)). The Assembly also called on the international community to support the strengthening of the institutional capacity of developing countries in debt management (ibid., para. 143 (b)).

43. On the question of stabilization and structural adjustment programmes, the Geneva special session of the General Assembly underlined the need to encourage international financial institutions and national Governments to adopt the principle of integration of social as well as economic aspects in the design of structural adjustment as well as reform programmes (ibid., commitment 8, para. 128). Governments and international financial institutions were also called upon to improve the ongoing dialogue on the design, implementation and reform of the structural adjustment programmes, ensuring the full integration of social and economic frameworks for protecting social policies and programmes so that such programmes would be genuinely nationally owned and driven (ibid., para. 130).

44. In designing such programmes, there is also a need to take into account concerns of people living in poverty, by incorporating social development goals in the formulation of structural adjustment programmes, including poverty reduction strategies, in consultation with civil society (ibid., para. 132), with a particular emphasis on: designing economic policies for more equitable and enhanced access to income and resources to promote sustained economic growth and sustainable development (ibid., para. 132 (a)); protecting core social development expenditures (ibid., para. 132 (b)); and ensuring that public services reach people living in poverty and vulnerable groups as a matter of priority (ibid., para. 132 (c)).

45. Democracy, the rule of law, transparent and accountable governance and administration, including combating and eliminating corruption — a global phenomenon, affecting both developed and developing countries — are indispensable foundations for the realization of people-centred sustainable development. Human rights and fundamental freedoms, with the right

to development as an integral part thereof, must be promoted and protected.

46. The outcome document of the special session of the General Assembly establishes specific mandates for further action by the intergovernmental bodies of the United Nations system. In particular, the special session emphasized the need to strengthen the Economic and Social Council in its coordination of international action in follow-up to the United Nations conferences and summits by fostering a closer working relationship with the funds and programmes and specialized agencies and by supporting cooperation with the Bretton Woods institutions to ensure that the objectives and policy approaches of these conferences and summits are given due consideration by those institutions (ibid., commitment 10, para. 149).

IV. Coordination at the intergovernmental level

A. Economic and Social Council

47. The special session of the General Assembly stressed the role of the Economic and Social as coordinator of international efforts to pursue conference goals. The Council's 2000 high-level segment enabled an unprecedented number of ministers and key figures of the private sector and the United Nations system to address ways of mobilizing information and communication technologies (ICT) for development. Its ministerial declaration[25] calls for joint action to ensure that new technologies are available to all and that they can realize their benefits for economic and social development as well as poverty eradication.

48. On the issue of poverty among women, the Economic and Social Council also adopted resolution 2000/26 to stimulate further progress in implementing its 1999 ministerial communiqué[26] entitled "The role of employment and work in poverty eradication: the empowerment and advancement of women". The report of the Secretary-General on this topic (E/2000/64) noted that major developments that had contributed to progress towards the goals of the communiqué included the five-year reviews of the World Summit for Social Development and the Beijing Fourth World Conference on Women, the first United Nations Decade for the Eradication of Poverty (1997-2006), the HIPC Initiative, the World Education Forum and the financing for development process.

49. In its resolution 2000/26, the Economic and Social Council strongly encouraged Governments to pursue and strengthen their efforts to work towards the goals of poverty eradication, full and productive employment, and the advancement of women by implementing its communiqué and the commitments they had undertaken at the major conferences and summits of the 1990s, and their five-year reviews, as well as at the World Education Forum.

50. Also in 2000, the Economic and Social Council held a special high-level meeting with the Bretton Woods institutions on the theme of strengthening international financial arrangements and addressing poverty (see E/2000/79, annex). The setback caused in Asian countries by the recent financial crisis had highlighted the linkages between the financial architecture and poverty eradication. These meetings are one of the ways for the Council to ensure that the objectives and goals of United Nations conferences and summits are given due consideration by the Bretton Woods institutions.

51. One of the outcomes of United Nations conferences and other processes has been that some 80 developing and transition countries have prepared national poverty reduction programmes. In September 1999, the World Bank and IMF decided on a joint focus on poverty reduction in their policy dialogue with low-income countries. This approach calls for PRSPs as a basis for all international lending to these countries and for debt-relief measures. The United Nations system could bring its experience in addressing poverty at various levels to assisting the World Bank, IMF and Governments in preparing PRSPs.

B. Commission for Social Development

52. The Commission for Social Development at its thirty-eighth session (8-17 February, 14 and 17 March 2000) considered the priority theme "Contribution of the Commission to the overall review of the implementation of the outcome of the Summit". It had before it the Secretary-General's comprehensive report on the implementation of the outcome of the World Summit for Social Development (A/AC.253/13-E/CN.5/2000/2). The Commission adopted resolution 38/1[27] on the overall review and appraisal of the implementation of the outcome

of the Summit. Its agreed conclusions[28] contain assessments of the goals and targets set in Copenhagen, including poverty eradication, and were transmitted to the Preparatory Committee for the Special Session of the General Assembly entitled "World Summit for Social Development and beyond: achieving social development for all in a globalizing world" at its second session in April 2000.

C. General Assembly

53. The General Assembly, by resolution 53/28 of 19 November 1998, decided to hold its twenty-fourth special session entitled "World Summit for Social Development and beyond: achieving social development for all in a globalizing world" in Geneva from 26 to 30 June 2000. In elaborating further actions and initiatives to implement the Copenhagen commitments, the special session agreed on a goal to halve the proportion of people living in extreme poverty by 2015. It also called for the incorporation of goals and targets to combat poverty in national strategies, giving priority to investments in education and health, social protection and social services. It also emphasized the development of sustainable pro-poor growth strategies to enable women and men living in poverty to improve their lives, sharing of best practices on social protection systems and encouraging of international support to countries with economies in transition to help vulnerable groups ease the pains of transition and overcome exclusion and further deprivation (commitment 2, paras. 28, 29, 31).

54. The Preparatory Committee for the Special Session had before it a compilation of summaries and proposals for further action provided by the United Nations system. On poverty eradication, the Preparatory Committee considered proposals and conclusions from the United Nations Development Programme (UNDP), the World Bank, the United Nations University (UNU) World Institute for Development Economics Research (WIDER) and the Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat. The range of proposals and strategies from these agencies included a new global strategy against poverty, and a new generation of poverty programmes that focused on making growth pro-poor by making State institutions accountable to the poor, linking trade, debt and aid policies to poverty reduction and ensuring access to basic social provisions.

55. During its second session in April 2000, the Preparatory Committee for the special session considered review reports and proposals for further action and initiatives submitted by organs and specialized agencies of the United Nations system and other concerned organizations, many of which focused on various aspects of poverty. The World Health Organization (WHO) in its contribution (A/AC.253/16/Add.5) noted, inter alia, that there were unacceptable and growing disparities in health between rich and poor countries, between rich and poor people and between men and women. As part of its follow-up action in regard to the five-year review and appraisal of the outcome of the Copenhagen Summit, WHO proposed a global policy for social development, integration of health dimensions into social and economic policy and development of health systems that could meet the needs of poor and vulnerable populations. The International Labour Office, in its contribution (A/AC.253/16/Add.10), said its global programme on decent work was designed to be a strategic means of reducing poverty and promoting social integration. It has four objectives: employment-creation, promoting human rights at work, improving social protection and promoting social dialogue. The International Labour Organization report on decent work was submitted as a document of the special session.

56. The second session of the Preparatory Committee for the special session also considered a report of the Secretary-General on the acceleration of development in Africa and the least developed countries (A/AC.253/22), which examined the various factors responsible for persistent poverty and made recommendations for long-term sustainable development. To overcome marginalization, the report suggested, among other things, enterprise development, technology development and transfer, trade support and market access and ODA.

57. The General Assembly, by resolutions 52/100 of 12 December 1997 and 52/231 of 4 June 1998, decided to convene a twenty-third special session from 5 to 9 June 2000 entitled "Women 2000: gender equality, development and peace for the twenty-first century". On women and poverty, the final outcome document[29] noted that major achievements in this area had included recognition of the gender dimensions of poverty,

promoting employment and income-generating activities for women, providing basic social services, including education and health care, and extending greater policy support to women-headed households. However, there were continuing challenges in the struggle against feminization of poverty, such as persistent unemployment, the vulnerability of rural women, unequal access to capital, resources and labour markets, and the lack of data disaggregated by sex and age that would enable an accurate assessment of women's unpaid work.

58. The Commission on the Status of Women, acting as the preparatory committee for the twenty-third special session of the General Assembly, considered in its third session (3-17 March and 20 April 2000) the report of the Secretary-General on the review and appraisal of the implementation of the Beijing Platform for Action (E/CN.6/2000/PC/2 and corrigenda). The report noted that an analysis of Governments' replies had showed that a broader definition of poverty was starting to be put in place. From a gender perspective, broader definitions of poverty allow for better understanding of the relative poverty or well-being of individual members of the household (para. 133).

59. This approach goes beyond the traditional definition of poverty as a lack of access to resources, employment and income. It takes into account more than minimum basic needs and focuses the policy discussion on gender differences in basic education, health services and life expectancy and the socially constructed choices of various groups of women and men. Governments are displaying more awareness of disparities resulting from gender-based inequalities within households and are trying to change various social norms that lead to women's social exclusion or economic subordination.

V. Activities of the United Nations system in support of national efforts

A. Administrative Committee on Coordination

60. Executive heads at the Administrative Committee on Coordination (ACC), at its first regular session of 2000 (Rome, 6 and 7 April), underscored that poverty eradication was the greatest challenge of globalization (ACC/2000/4). The United Nations system had a key role in advancing shared values and norms at the global level to ensure that the market worked for the people. The system needs to assist developing countries in capacity- and infrastructure-building, with emphasis on opportunities for decent work. Developing countries and least developed countries need full trade access and debt relief in order to grow out of poverty. In this context, the executive heads agreed to accelerate implementation of the Integrated Framework for the Least Developed Countries and to request the World Trade Organization, as the lead agency, to report back to ACC at its next session (para. 21). At its next session, ACC will review the United Nations system's efforts to speed up the process of trade liberalization for the benefit of all countries and to promote globalization with a human face.

61. In follow-up to an initiative launched by the Secretary-General at a Senior Management Group meeting in the spring of 1999, the United Nations has prepared a cross-cutting strategy to mobilize the efforts of the system in support of the goal of halving extreme poverty. The strategy outlines the main elements of what the United Nations action should be and provides options for the United Nations country teams with respect to using it in their respective situations, working in the context of their common country assessment (CCA) and United Nations Development Assistance Framework (UNDAF) as well as of other instruments such as the Comprehensive Development Framework (CDF) and PRSPs. The strategy will be endorsed by the Consultative Committee on Programme and Operational Questions (CCPOQ) and ACC in their autumn meetings.

B. United Nations Secretariat

62. Several departments of the United Nations Secretariat continue to support the work of intergovernmental bodies in the area of poverty eradication. The Department of Economic and Social Affairs of the United Nations Secretariat, in particular the Division for Social Policy and Development, served as the secretariat for the special session of the General Assembly on the implementation of the outcome of the World Summit for Social Development and as the focal point for the first United Nations Decade for the Eradication of Poverty. The Division submitted to the Economic and Social Council at its substantive session

of 2000 (5 July-1 August 2000) an overview of the 2000 Report on the World Social Situation (E/2000/9).

63. Chapter III of the report, entitled "Trends in living conditions: a mixed record of achievement", noted the links between poverty and unemployment. While employment in the informal economy has expanded in developing countries, it is characterized by insecurity, low productivity and low wages. The precarious nature of such employment is especially stark in countries with economies in transition. Income disparities have increased dramatically in these countries and in many other parts of world over the past decade. The report notes that hunger generally goes hand in hand with poverty, with lack of income to purchase food being the main cause of hunger, malnutrition or undernutrition. The lack of quality housing, the proliferation of informal settlements, homelessness and the lack of safe water and sanitation are other manifestations of poverty.

C. Regional commissions

1. Economic and Social Commission for Asia and the Pacific (ESCAP)

64. The summary of the economic and social survey of Asia and the Pacific, 2000 (E/2000/13) notes a resurgence of growth in the region, with the exception of the South and South-west Asia subregions. However, issues of social security and safety nets have become prominent after the Asian financial crisis with large numbers of people, especially in the unorganized sector in rural and urban areas, virtually excluded from social security coverage. The report suggests greater reliance on market-based or other non-governmental programmes and reforms in existing programmes as a way to achieve greater coverage.

65. At its fifty-sixth session (Bangkok, 1-7 June 2000), the Commission took note of the various measures taken by Governments to alleviate poverty in their countries, in particular through five-year development plans. Effective targeted programmes for disadvantaged groups included employment-generation through public works, food-for-work, encouraging school attendance, microcredit, providing land for the landless, and community-based development. Countries had achieved remarkable reductions in the proportions of the population living in poverty, although setbacks occurred as a result of the Asian economic crisis. The adverse impact of the crisis had lingered longer than expected: unemployment rates and poverty incidence remained relatively high in the affected countries.

66. The Commission suggested several ways in which the Secretariat could help Governments in poverty alleviation efforts. These included: monitoring socio-economic trends, conducting a regional study on national programmes to document best practices, bringing such information to Governments through workshops and seminars, and cooperating more closely with the Asian Development Bank, other international agencies and non-governmental organizations. Alleviation of rural poverty has remained a critical task for developing countries in the region. Here the Commission stressed the importance of decentralization, good governance and the empowerment of women (report of ESCAP on its fifty-sixth session).[30]

67. To strengthen national capabilities, ESCAP has disseminated information and provided advisory services and technical assistance on various aspects of poverty alleviation. It has initiated a regional project to develop a social development management information system (SOMIS) as a planning and monitoring tool for Governments in implementing poverty eradication programmes. The Commission has developed and offered a Human Resources Development (HRD) Course for Poverty Alleviation since 1999, in response to requests from institutions in the region. Eleven modules relate to social development and poverty alleviation. The course seeks to build capacity of national institutions and personnel in the public, private and non-governmental sectors to plan and promote HRD services (education and skills development, employment and health) for the poor. In appreciation of these efforts, Governments have tried to mobilize the special capabilities of ESCAP in finding technical and financial support from the international community to speed implementation of national poverty eradication programmes.

2. Economic Commission for Africa (ECA)

68. The least developed African countries have posted GDP growth rates in excess of the continental average in recent years; but overall, Africa enters the twenty-first century as the poorest and least developed region in the world, notes the summary of the economic and social situation in Africa, 1999

(E/2000/12) based on the *Economic Report on Africa 2000*, prepared by the Economic Commission for Africa (ECA). The continent is also the most technologically backward, the most indebted and the most ravaged by civil conflicts, malnutrition, disease and unemployment. The summary advances a number of development strategies for economic transformation: these include broad-based equitable growth, increased savings and investment, greater investment in health and education, better environmental protection and a strengthened role for government and public policy.

69. In the area of social policy and poverty analysis, the ECA secretariat undertook studies on: The New Face of Poverty in Africa: Case Studies of Selected Urban Centres in Africa; and Integration of Quantitative and Qualitative Analysis for Poverty Analysis: Pilot Studies Using Household Survey Data from Selected African Countries. The studies examined strategies to ensure that public expenditure in Africa is pro-poor and capacity-building for poverty analysis and monitoring (ECA annual report (E/ECA/MFC.2/7)). Other studies undertaken by the Commission include: The Gender Dimension of Poverty in Africa and the Regional and Ethnic Dimension of Poverty in Africa: Case Studies.

70. The Second Preparatory Meeting of Experts of the Ministerial Follow-Up Committee of the Conference of Ministers Responsible for Economic and Social Development (Abuja, 1-3 May 2000) emphasized that poverty reduction in Africa would require overcoming constraints imposed by prevailing conditions of development. These included small and fragmented national markets, weak institutions of governance, low investment in and flight of human capital, and low income levels. In its mid-term review of the World Summit for Social Development (E/ECA/MFC.2/4), the Committee noted that despite progress in some countries in poverty reduction, employment-creation, education and health, several challenges remained. These included debt overhang, overdependence on rain-fed agriculture, lack of adequate physical infrastructure, especially in rural areas, the adverse impact of HIV/AIDS and internal and inter-State conflicts. Other follow-up conferences to the Social Summit had helped member States assess their situation and to revise or include in their national development plans strategies on how to halve poverty by 2015. In collaboration with the World Bank, IMF and the African Development Bank, the Commission organized two workshops in March 2000 for senior policy makers on poverty reduction strategies in Africa. Delegations from 43 countries in sub-Saharan Africa attended the workshops, whose objective was to discuss the enhanced framework for poverty reduction and promote understanding of the PRSPs.

3. Economic Commission for Latin America and the Caribbean (ECLAC)

71. According to the summary of the economic survey of Latin America and the Caribbean, 1999, of the Economic Commission for Latin American and the Caribbean (ECLAC) (E/2000/14), the international financial crisis led to stagnant growth in the Latin America and Caribbean region in 1999 and a decline in per capita GDP by about -1.3 per cent. Job creation was lower than in the previous year and unemployment was on the rise. The ECLAC study, The Equity Gap: A Second Look (LC/G.2096), released as part of the Second Regional Follow-up Conference to the World Summit for Social Development (Santiago, 15-17 May 2000), found that although poverty levels have been on the decline, this progress is adversely affected by every economic crisis. In early 2000, more than 36 per cent of Latin American homes (more than 220 million people) were living in poverty — a figure slightly higher than in 1980. High levels of income inequality persist within and between countries.

72. Social vulnerability and a growing sense of being at risk have become a characteristic of Latin American society in the new century, states the *Social Panorama of Latin America 1999-2000*,[31] also published by ECLAC. This is the result, it says, of "trends in the labour market, the State's pulling back from some areas of action, new institutional structures for providing access to social services, the decline in traditional expressions of social organization and difficulties facing micro- and small companies". The report notes that precariousness of the job market translates into constant movement into and out of poverty, with additional social costs involved. Public policies to focus social spending have in many countries reduced the burden on the public budget of services for upper and middle-class sectors, but they have led to many lower middle class households' bearing all or part of service costs, in addition to the full weight of the job crisis and falling incomes. The report notes the enormous difference in education and health-care services offered by the public and private sectors. This

introduces tension and uncertainty among poor families, increasing the human capital gap and reproducing poverty. Apart from poor groups affected by "hard poverty", non-indigenous poor and middle-class sectors have also experienced sharply fluctuating incomes over the past two decades.

73. ECLAC recommends, among other things, that social policies restore some degree of universal access by reincorporating some target groups among low- and middle-income sectors. It also calls for economic policies to achieve dynamic and stable growth and a significant rise in the productivity of micro- and small companies.

74. At its twenty-eighth session (Mexico City, 3-7 April 2000), ECLAC considered the document entitled "Equality, Development and Citizenship",[32] which proposes equality as a benchmark measure of future development, development supported by macroeconomic stability, and engaging citizens as active and decisive agents in their economic well-being. Since the 1980s, as part of the continuing free-market reform of the region's economies, universal social service coverage had been cut back, the role of the public sector reduced and participation by the private sector encouraged. While all this has resulted in greater efficiency in the use of resources, the report notes that there has been no significant progress in coverage and quality or in poverty reduction. It argues that social goods and services — which the market alone cannot guarantee and for which the State cannot abrogate responsibility — should be thus understood as being different from other types of goods and services.

75. The alleviation of poverty has become a priority for most Governments of Latin America and the Caribbean during the 1980s and the 1990s. ECLAC has been working with Governments to help design and monitor policies in this area. It has developed complete databases on household surveys, the most important statistical source for poverty studies. In the methodological field, it has produced a significant number of documents and organized regional meetings to sponsor and develop income and poverty measurements. At the international level, under the aegis of the Statistical Commission of the United Nations, ECLAC serves as Secretary of the Rio Group on Poverty Statistics (chaired by Brazil) and is a member of the Canberra Group on Household Income Statistics (with Australia and the Netherlands).

76. ECLAC has prepared analytical studies that relate poverty and income distribution to factors that influence greatly its evolution, such as economic growth, employment, social governmental expenditure, education and demography. These are fundamental studies for policy design and evaluation. Evaluation methodologies for social programmes, including those oriented towards poverty evaluation, have been developed and implemented in countries of the region. Statistics on poverty are now being produced on a regular basis every two years and included in the ECLAC Statistical Yearbook, the editions of the Social Panorama and ad hoc documents for conferences. The aim is not only to produce synthetic indicators to measure the extent of poor people and households, but fundamentally to show the heterogeneity of poverty and its origins.

4. Economic Commission for Europe (ECE)

77. At its fifty-fifth session (3-5 May 2000), the Economic Commission for Europe (ECE) discussed, among other things, the economic regeneration of South-Eastern Europe,[33] touching on topics such as (a) whether there was a need for a new approach to the transition process, (b) using regional cooperation to overcome some key problems and (c) targeting and designing international financial and technical assistance to be really effective.

78. In its *Economic Survey of Europe 2000, No. 1*,[34] ECE notes that very few of the transition economies have successfully completed the process of restructuring economic structures of central planning into those appropriate to a market system. In many parts of the Commonwealth of Independent States (CIS) and in South-Eastern Europe, the process has been set back by a series of external shocks, such as the Russian and Asian crises of 1997-1998, and wars, such as the Kosovo conflict. The Russian crisis had an especially severe impact on the Baltic economies, owing to massive cuts in their exports to the Russian Federation and resulted in sharp declines in output and employment. In Eastern Europe as a whole, unemployment reached an average of 14 per cent by December. The economies of South-Eastern Europe moved from modest GDP growth in 1998 (1.3 per cent) into recession in 1999 (about -3 per cent). The *Survey* observes that the macroeconomic situation in most of these countries remains fragile. The regional dimension of poverty alleviation is gaining importance and policy

attention. At the same time, the regional and subregional economic integration processes have an increasingly relevant social dimension. This is particularly so within the European Union (EU) and in the process of EU enlargement, but also in the reconstruction and recovery of South-Eastern Europe.

79. At its spring seminar entitled "From Plan to Market: The Transition Process after Ten Years", ECE assessed the situation of the 27 member countries that have been economies in transition since 1990. Speakers said the task of transition had been underestimated 10 years ago: there were still wide income gaps between the countries of Europe and hopes of convergence were thin. It was noted that the costs of transition included impoverishment, unemployment, increased inequality, deterioration in quality and delivery of public services, a drop in education levels, spread of disease and criminalization.

5. Economic and Social Commission for Western Asia (ESCWA)

80. The Asian financial crisis had a significant impact on the economies of the West Asia region. The region suffered the effects of a reduced demand for oil, fall in exports of non-oil products and a decline in the value of portfolio investments and other assets of member countries. The devaluation in the currencies of South-East Asian economies also made their exports more competitive, adversely affecting the export of textiles by Egypt and the Syrian Arab Republic (ESCWA, annual report, 1998-1999). The Survey of Economic and Social Developments in the ESCWA Region 1998-1999 (E/ESCWA/ED/1999/5) notes, inter alia, the devastating effects of sanctions on millions of Iraqi people, leading to sharp increases in infant and child mortality, poverty and deterioration of health services. It also notes that the labour market continues to be characterized by high levels of disguised unemployment and low productivity.

81. Another study, The ESCWA Region, Twenty-five Years, 1974-99: Political, Economic and Social Developments, assessed the broad economic developments during this period. It pointed out two major trends that have an impact on social development in the region: the diminished role of oil resources and the generally declining growth rates and investment ratios following the oil boom period, and the decreasing role of official concessional capital flows. Countries in the region are under pressure of varying degrees of economic strain, political instability, deteriorating social conditions and soaring unemployment, affecting not only the traditional poor, but also the middle classes.

82. The studies of the Economic and Social Commission for Western Asia (ESCWA) on poverty, its characteristics, determinants and measurements, currently focus on identifying tools to alleviate poverty, such as microcredit facilities and social funds. It has undertaken a country case study of microfinance facilities in Lebanon and plans to follow it with others so as to provide an overview of the field, facilitate impact-assessment studies and make recommendations for better delivery of microfinance services. Another study examined the feasibility and operationalization of microcredit finance facilities targeting poor women in urban and rural areas in selected Arab countries.

83. These studies have produced several recommendations for Governments, United Nations bodies, non-governmental organizations and donors whose policies would influence the links between very small loans, poverty and gender, aiming at poverty reduction for men and women in rural and urban areas. Recommendations included: designation of a comprehensive plan and special lending programme, and the provision of special funds for financing women's projects in developmental fields; stressing the role of non-governmental organizations in determining women's and men's training needs in special projects and marketing their output; the need to re-examine the philosophy of very small loans and their connection with creating job opportunities to empower poor women and men; and a review of national poverty alleviation strategies to incorporate a gender-sensitive approach.

84. In addition, ESCWA is currently undertaking a study on female-headed households in conflict-stricken countries. This is an exploratory survey to formulate poverty alleviation policies in a region characterized by political instability and facing the challenges of globalization and the information technology revolution, privatization and structural adjustment and reform. In the integrated follow-up to global conferences, poverty reduction is considered a priority area for many ESCWA countries, which are exploring the linkages between sustainable social development, migration, urbanization and poverty.

Notes

[1] World Bank, *Poverty Reduction and the World Bank Progress in Fiscal 1999* (Washington, D.C., World Bank, 2000).

[2] Ibid. The World Bank reports data from the Living Standards Measurement Surveys and Demographic and Health Surveys which confirm that the poor have generally worse educational and health outcomes than the better off, that the magnitude of the gap in outcomes between poor and rich varies considerably across countries, and that wide cross-country differences still remain.

[3] United Nations Development Programme (UNDP), *Human Development Report, 1999* (New York, human development indicator 10, Oxford University Press, 1999), p. 178.

[4] Of the 110 million children estimated to be out of school, 60 per cent were girls. The extent of female disadvantage in education varies enormously across countries. In India, the school enrolment of girls aged 6-14 is 16.6 percentage points lower than the school enrolment of boys in the same age group. In the Niger, the enrolment rate of boys aged 6-14 is 41 per cent higher than the enrolment rate of girls in the same age group. See World Bank, *Poverty Reduction ...*, p. 16.

[5] World Bank, *Confronting AIDS* (Washington, D.C., World Bank, 1999).

[6] World Bank, *Poverty Reduction ...*, p. 23.

[7] World Bank, *Annual Report 1999* (Washington, D.C., World Bank, 1999).

[8] See *Official Records of the General Assembly, Twenty-fourth Special Session, Supplement No. 3* (A/S-24/8/Rev.1), chap. III, draft resolution, annex.

[9] Ibid.

[10] *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annex I.

[11] Ibid., annex II.

[12] *Official Records of the General Assembly, Twenty-fourth Special Session, Supplement No. 3* (A/S-24/8/Rev.1), chap. III, draft resolution, annex, sect. I.

[13] Ibid., sect. III.

[14] Ibid.

[15] Plan of Action (TD/386), adopted by the United Nations Conference on Trade and Development, tenth session, Bangkok, 12-19 February 2000.

[16] Ibid.

[17] United Nations Development Programme (UNDP), *Human Development Report 2000* (New York, Oxford University Press, 2000).

[18] *Vulnerability and Poverty in a Global Economy: Report of the Committee for Development Policy on the first session (26-30 April 1999)* (United Nations publication, Sales No. E.99.II.A.5).

[19] World Bank, *East Asia Quarterly Brief* (Washington, D.C., World Bank, January 2000).

[20] Ibid.

[21] Sarah Anderson and John Cavanagh, "Bearing the burden: the impact of global financial crisis on workers", Institute for Policy Studies, Washington, D.C., April 2000.

[22] Eddy Lee, "World employment 1996/97", in *Aspects of Employment Strategy* (United Nations publication, Sales No. E.98.IV.1).

[23] Benin, Bolivia, Burkina Faso, Honduras, Mauritania, Mozambique, Senegal, Uganda and the United Republic of Tanzania.

[24] Cameroon, Chad, Côte d'Ivoire, Guinea, Guinea-Bissau, Guyana, Malawi, Mali, Nicaragua, Rwanda and Zambia.

[25] See A/55/3, chap. III, para. 17.

[26] See *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 3* (A/54/3/Rev.1), chap. III, para. 23.

[27] See *Official Records of the Economic and Social Council, 2000, Supplement No. 6* (E/2000/26), chap. I, sect. C.

[28] Ibid., resolution 38/1, annex.

[29] See *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 3* (A/S-23/10/Rev.1), chap. III, draft resolution II, annex, sect. II.

[30] To be issued as *Official Records of the Economic and Social Council, 2000, Supplement No. 19* (E/2000/39) (E/ESCAP/1197).

[31] United Nations publication, Sales No. S.00.II.G.18.

[32] United Nations publication, Sales No. S.00.II.G.81.

[33] *Official Records of the Economic and Social Council, 2000, Supplement No. 17* (E/2000/37).

[34] United Nations publication, Sales No. E.00.II.E.12.

United Nations A/55/408

General Assembly

Distr.: General
22 September 2000

Original: English

Fifty-fifth session
Agenda items 39 and 114 (b)

Support by the United Nations system of the efforts of Governments to promote and consolidate new or restored democracies

Human rights questions: human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms

Letter dated 20 September 2000 from the Permanent Representative of Poland to the United Nations addressed to the Secretary-General

Upon instructions from my Government and on behalf of the Permanent Representatives of the following Member States: Chile, Czech Republic, India, Republic of Korea, Republic of Mali, Portugal and the United States of America, I have the honour to transmit to you herewith the joint statement of the Ministers for Foreign Affairs of the Convening Group of the Community of Democracies, issued in New York on 12 September 2000 (see annex).

I should be grateful if you would have the present letter and its annex distributed as a document of the fifty-fifth session of the General Assembly, under agenda items 39 and 114 (b).

(*Signed*) Janusz **Stanczyk**
Ambassador
Permanent Representative of the Republic of Poland
to the United Nations

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Annex to the letter dated 20 September 2000 from the Permanent Representative of Poland to the United Nations addressed to the Secretary-General

Joint statement of the Ministers for Foreign Affairs of the Convening Group of the Community of Democracies

The Ministers for Foreign Affairs of countries that comprise the Convening Group of the Community of Democracies met in New York on 12 September 2000 during the Millennium Assembly of the United Nations. In a session chaired by Poland, host of the inaugural meeting of the Community of Democracies, which was held in Warsaw from 25 to 27 June 2000, the Ministers jointly:

- Thanked countries from all the world's regions and major cultures that accepted their invitation to participate in the Warsaw meeting and expressed gratitude to the leaders of many international organizations for their attendance, especially to Secretary-General Kofi Annan for his moving statement of support;
- Thanked the United Nations Secretariat for circulating the Warsaw Declaration and the list of the 106 countries that endorsed it in Warsaw, together with the Warsaw Communiqué, as a document of the General Assembly (A/55/328);
- Announced their intention to convene the informal "democracy caucus" at the United Nations, which was discussed by the many countries that participated in the Warsaw conference and endorsed in its official Communiqué. The "democracy caucus" will meet during the fifty-fifth session of the General Assembly and will comprise those countries that have endorsed the Warsaw Declaration of democratic principles;
- Invited participants in the "democracy caucus" to exchange information, support resolutions and undertake other activities that encourage and assist countries that have chosen the democratic path;
- Offered support for those resolutions that promote and strengthen democracy, such as the resolution adopted by the United Nations Commission on Human Rights earlier this year in Geneva, which called for participation in the Fourth Conference of New or Restored Democracies to be convened in Benin on 5 December 2000;
- Welcomed the offer of the United Nations Development Programme (UNDP) to sponsor an ongoing forum to assist, at their request, Governments and non-governmental organizations that seek more effective means of cooperation and assistance in strengthening the values and institutions of democracy;
- Welcomed support offered by the Secretary-General of the Organization of American States for a conference of multilateral and regional organizations to discuss the ways in which such organizations are cooperating to promote democracy and address threats that may arise against it;
- Considered ways to encourage other meetings and activities at which the "best practices" of countries taking the democratic path can be presented and discussed;

- Directed their senior officials to prepare proposals that will delineate the criteria to enable countries to participate in the Community of Democracies and establish procedures to govern its activities, as well as those of the informal "democracy caucus";

- Recognized that, in situations in which regional procedures fail to produce a consensus candidate for a United Nations body, it would be appropriate for participants in the Community of Democracies, in casting their votes, to take into account, among other considerations, whether countries contesting the seat have endorsed the Warsaw Declaration;

- Agreed to meet regularly at the ministerial level, including at the annual meetings of the United Nations General Assembly.

Recalling the support expressed in the Communiqué of the Warsaw conference for a second conference to be held in Seoul, the Convening Group welcomed a presentation by the Republic of Korea of its plans to host this meeting at the Convention and Exhibition Center (COEX) on 21 and 22 October 2002.

The Convening Group reaffirmed its belief that the Community of Democracies has a valuable role to play in strengthening the United Nations system, in improving understanding between nations and in helping to overcome divisions that too often impede cooperation for peace, respect for human rights and the eradication of poverty.

The members of the Convening Group of the Community of Democracies are: Chile, Czech Republic, India, Republic of Korea (represented by the special envoy of the Minister for Foreign Affairs), Mali, Poland, Portugal and the United States of America.